

'Tax haven' tag generates growing unease

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I didn't say that. It's a headline in this morning's FT. The article refers to the [web site featured here](#) (and subsequently on BBC news and elsewhere) published by the DTI promoting the UK as a tax haven.*

The tone of the FT article is interesting. It indicates the increasing awareness of the domicile issue resulting from the [Tax Justice Network](#) campaign on this issue. It shows that insecurity about the [IMF labelling the UK a tax haven](#) (also drawn to widespread journalist attention here for the first time) is having an impact. It suggests there is a deep insecurity on this issue, an insecurity which is based on, as the FT notes:

the perceived unfairness of the rules, already fuelled by the non-domiciled status of some political donors and the prominence of wealthy foreigners in league tables of the UK's richest people

matched by the fact that the

issue is obscured by the paucity of data, particularly concerning the "super-rich" who are not employed here. Questions about how much their spending and business activities boost the economy are a matter of conjecture, as is the question of how many non-domiciles would leave the country in response to an increase in their tax bills

I accept that the data is absent. But my logic is simple, and far removed from the threats issued by the super rich and their agents; threats which they think their wealth entitles them to make. It is simply that London is a great place to live if you're super rich, so you will. And if we redefine our residence rules many of the super-rich may still be able to do so as long as their stay is limited each year (as it often is). So we'll keep their houses and staff, which is about all that they really invest in here that they would not do otherwise simply because the UK is a good place to do business. Since these facts are self evident the super-rich issue is a red-herring.

As for those in finance (mainly) who exploit the domicile rules to live and work here I have two arguments. First these people come here because they need the experience to further their careers. That will not change. The fact that the non-dom rules means it's

cheaper for their employers to induce them here because the cost of giving them a high net salary is reduced is, in my opinion, illegal state aid to the finance industry disguised by use of the tax system.

I wonder if the EU would like to pick that one up?

*I credited the source for this information. It's a shame the FT did not.