

Funding the Future

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The Times is talking about UK Tax Exiles this morning (behind a paywall). As The Morning Account puts it:

An investigation into tax avoidance by the Times has revealed that more than 2,000 Britons in Monaco are costing the UK economy £1bn a year in lost tax revenue. The paper discovered that 533 directors of UK companies have registered addresses in Monaco, and control 1,302 firms. It is noted that there are six Tory donors that are based in Monaco and at least 11 people who live as tax exiles that have been awarded honours even after being vetted by HMRC. When contacted by the Times, the residents rejected the term tax exile and said they enjoyed the safety, weather, travel links and restaurants there. They said that they contributed to the British economy by creating jobs and paying corporate tax at source, and that they paid 19.6% VAT in Monaco.

Now if we had a passport basis for determining tax residence where everyone with a UK passport would pay UK tax wherever they lived in the world, subject to certain sensible exemptions which would never apply to Monaco, as I have long advocated, [as has the TUC](#) (and yes, I wrote their briefing on it), then a great deal of this tax would be recovered. As it is, by letting people who expect the UK to protect them and provide them with a permanent home slip out of the tax net all too easily this tax is lost. We could change that, but the 1% don't want it.

And right now we know whose interests come first.

This issue was, of course, referred to in the TUC's recent tax avoidance magazine, [Kerching](#). And yes, I wrote that too.