

The non-domicile problem is still big, and HMRC say it ...

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Two very contrasting views on the non-domicile rule have hit the press today. [Accountancy Age have reported a press release](#) from tax lawyers Pinsent Mason saying:

The number of UK taxpayers registered with HMRC as non-domiciled (non-doms) has fallen by 2,000 in a year as the impact of the £30,000 annual non-dom levy continues to bite, government figures reveal.

The latest snapshot comes as a result of a freedom of information (FoI) request by international law firm Pinsent Masons, and shows that the number of non-doms in the UK has tumbled by 17% from 140,000 to 116,000 since the levy was introduced in 2008.

I'm not sure I call 2,000 in a year a 'tumble'. Nor do I agree with this comment:

Jason Collins, head of tax at Pinsent Masons, says: 'The UK's tax code is seen as becoming increasingly hostile to "high net worths", especially those from overseas. There is a conflict here with the prime minister's promise to roll out the red carpet for wealthy foreigners, and it is also potentially undermining new tax rules introduced in 2012 to attract non-dom investment in UK businesses.

'The non-dom levy is part of a series of measures — both implemented and threatened — including the annual property tax and mansion taxes, the 50/45p tax rate and capital gains tax increases, which are driving highly mobile wealthy individuals from the UK.'

But as [I and the Tax Justice Network have noted this morning](#) - that sort of talk is just nonsense: almost no people move for tax, and finding evidence of the few who do as opposed to threaten to do so is very hard. This rhetoric can, then, be dismissed.

And it is interesting that HMRC do not agree with HMRC's view. [The Tax Journal has noted:](#)

The number of registered 'non-doms' in the UK has decreased since 2008/09, but the general trend is upward and non-tax factors may explain the recent fall, HMRC has told

Tax Journal after tax lawyers claimed that tax policy was turning wealthy individuals away from the UK.

Pinsent Masons, the international law firm, said in a press release that the number of UK taxpayers registered with HMRC as non-domiciled fell by 17% in three years after the remittance basis charge was introduced in 2008. But the government has already pointed out that HMRC holds no any estimate of the number of people who are non-domiciled but do not notify HMRC of their status.

An HMRC spokesman said today: 'Individuals are only required to indicate their domicile status where it has a bearing on their UK tax liability; there are a significant number of non-doms who do not indicate their domicile status on their tax return, for example those who chose not to be taxed on the remittance basis.'

He added: 'In order to get a truer picture it is important to look at figures over the long term. The figures for the non-dom population in the UK have been steadily growing over the recent years, from 83,000 in 1997/98 to 116,000 in 2010/11.'

'Although the number of non-doms in the UK has decreased since 2008/09 this does not affect this general trend. There are also likely to be other factors which would explain the drop since 2008/09, most notably the wider financial situation.'

Quite so. And as the *Tax Journal* added:

In a House of Lords written answer last November Lord Sassoon, commercial secretary to the Treasury, said: 'HMRC only holds information on those individuals who are required to declare their domicile status because it is relevant to their tax affairs. HMRC do not hold any estimates for the number of individuals who are entitled to claim to be non-domiciled but choose not to do so.'

For the record the *Tax Journal* noted:

HMRC disclosed that there were 140,000 registered non-doms in 2007/08; 123,000 in 2008/09; 118,000 in 2009/10; and 116,000 in 2010/11.

Which may still be 116,000 too many, because non-doms get a substantial tax advantage due to the accident of their birth, and that is blatant and I think illegal discriminatory behaviour.