

A temporary residence rule is not the same as continuin...

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According [to the Guardian](#) George Osborne has firstly refused to abolish the non-dom rule which creates one tax law for the rich in this country and another for everyone else. And secondly he has suggested that Labour will not be abolishing it either because Labour is suggesting that there should be a temporary residence rule for people who come to the UK for a period of up to four years (maybe less) so that people in that situation are not taxed on their income outside the UK if it is not remitted to this country.

This suggestion by George Osborne is the action of a desperate man. He knows he cannot abandon the non-dom rule because far too many of his party donors rely on it. But it's the claim that Labour is not abolishing the rule that is absurd.

Labour clearly listened to me (and maybe others; I don't know) on this when I said that if the domicile rule goes a temporary residence rule is needed. This is what I wrote recently:

There are good reasons why the UK may want to provide special arrangements for the people who take up short-term residency in this country [if the domicile law is abolished] so that they do not suffer undue taxation, and even double taxation, as a result. I would therefore encourage any government to offer someone coming to the UK the chance to only be taxed on their UK source income for a period of up to 5 years, but after that anyone still living in the UK should be taxed as if they are fully UK resident in exactly the same way as all other people living in this country. The adoption of such an arrangement would allow the domicile rule, and all the abuses that go with it, to be abolished, for good. It should never be the case in the future that the UK can be seen as a tax haven, which the domicile rule has permitted for some of the world's wealthiest people.

Why do this? To let students and employees come to the UK for a few years and not have to reorganise their worldwide affairs to suit the UK tax system: that is why. But after five years the commitment to the UK will be long term and so tax will have to be paid in full on that worldwide income, come what may.

That's not continuing the domicile rule in any shape or form. It is a short term residence rule that says we welcome short term stays and do not want to put obstacles in the path of those coming on that basis. But it also says if you stay you are on a level playing field with everyone else in this country, and if Osborne is frightened to say that, shame on him.