

The very obvious moral bankruptcy at the core of UK non...

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The [FT has headline this morning that says](#):

Tax reprieve for non-doms

It continues:

The tax authority is being toasted in some of the most expensive houses in London after it abandoned a retrospective crackdown on loans secured on foreign assets.

The reversal has softened the impact of a rule change that was expected to force some wealthy “non-doms” – foreign residents who can exempt offshore income from UK tax – to sell their homes.

The technical change is significant: HMRC has decided that it will not now retrospectively deem that assets used as security for the UK loans of non-doms are assets that have for tax purposes been remitted to the UK, with tax potentially therefore being due on them. To put it another way: HMRC have decided a loophole for the rich that it had been announced would be reversed can continue.

Three thoughts follow.

First, Jolyon Maugham and I worked hard with Labour before the election to suggest the non-dom rule had to end, and that policy initiative provided it with the most successful day of its campaign. I remain convinced it is the right thing to do. There is no justice in a tax system that discriminates between people on the basis of the accident of a person's place of birth. There should be no more loopholes because there should be no non-dom rule since it offends all the most basic tenants of social justice.

Second, the idea that there can be a U-turn on this issue but not on benefits is just sickening. The wealthiest can have their stress relieved: the less well off can have their stress increased. There can be few more obvious indications of moral bankruptcy.

Third, was it chance that this was announced when the Chinese were in town? They

hold more of the wealth related visas now available in the UK than any other nationality. The political cynicism on view is quite extraordinary.

A tax system that can do this is in need of the most thorough overhaul, from top to bottom. Labour must deliver on the promise to start addressing how that could be done, and soon.