

Taxing Wealth Report 2024: Abolishing the domicile rule...

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I have this morning published the latest in my series of proposals that will make up the [Taxing Wealth Report 2024](#).

In [this latest note](#), I consider an issue [I have written and even broadcast about](#) for longer than I care to remember, which is the abolition of the use of the domicile rule for taxation purposes in the UK. I have never been able to find any justification for the use of this concept in UK taxation. In 2015 I advised Ed Miliband's team on the issue.



The [summary of this note](#) says:

Brief Summary

This note proposes that the use of the domicile rule for taxation purposes within the UK should be ended.

It is suggested that a temporary residence rule should be created in place of the domicile rule for those who come to the UK for a period of less than seven years.

The proposal is made to prevent people being able to secure a tax advantage based solely on their domicile being outside the UK and their ability to afford the fee to do so.

Discussion

The use of the domicile rule in UK taxation provides some people who are tax resident in the UK with an opportunity to secure an undue tax advantage based solely on their domicile being outside the UK and their ability to afford the fee to do so, which last consideration biases this advantage very heavily towards the wealthy. This is very obviously contrary to natural justice, human rights and the basis of equity that should be used within any fair tax system.

As a result, it is proposed that all persons tax resident in the UK should be subject to the same taxation rules unless they apply for temporary residence status, which would not apply for a period of longer than seven years after their time of arrival in the country.

Revenue raising potential

It has been estimated by academics at Warwick University and the LSE that the abolition of the UK domicile rule might raise £3.2 billion in additional tax revenue per annum [\[1\]](#). **This estimate was based on an analysis of the tax returns of those claiming the status. The estimate has to be treated with caution because a temporary residence rule for those coming to the UK for short periods, such as secondees or students, might reduce the tax raised. However, given the widespread recognition of this estimate, it is used here as the best available estimate of the current likely taxation revenue arising as a consequence of abolishing the domicile rule, which abolition is long overdue.**

Cumulative value of recommendations made

The [recommendations now made as part of the Taxing Wealth Report 2024](#) would, taking this latest proposal into account, raise total additional tax revenues of approximately £111.4 billion per annum.

[\[1\]](#)
<https://www.lse.ac.uk/News/Latest-news-from-LSE/2022/i-September-22/Abolishing-the-non-dom-regime-would-raise-more-than-3.2-billion-each-year-finds-new-report>