

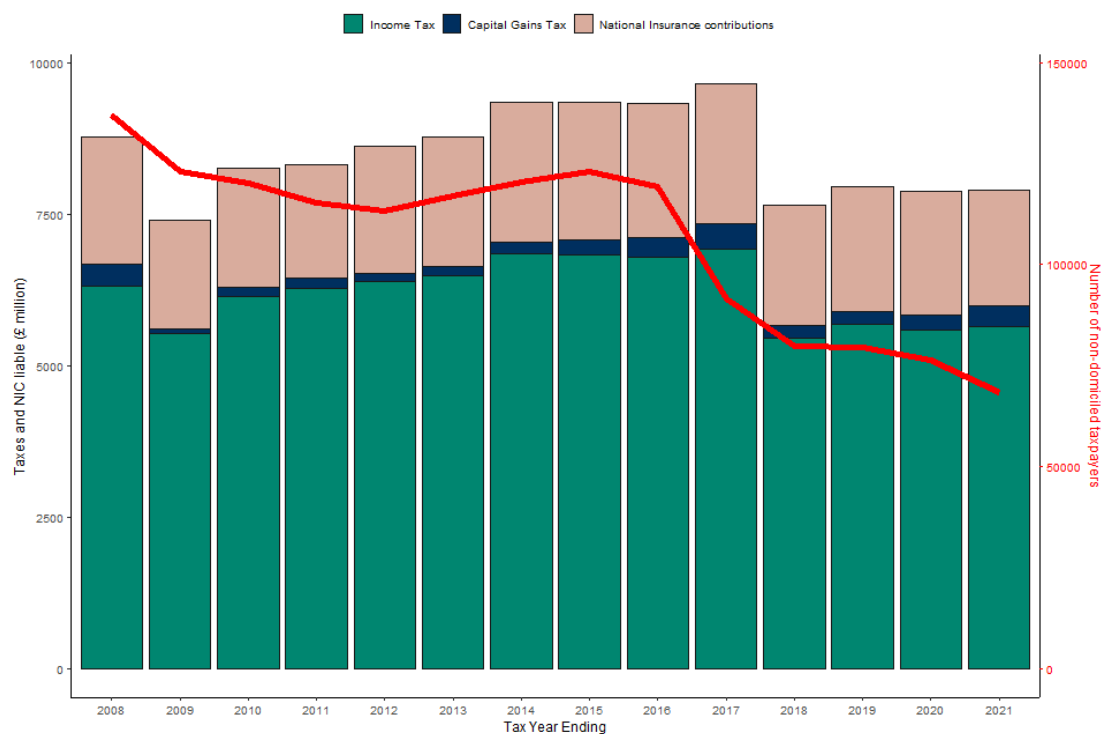
HMRC statistics for non-UK domiciled taxpayers

Synopsis: HMRC recent statistics show those claiming non-domiciled status in the UK has decreased since the previous year.

Date published: 09.08.2022

HMRC has recently published [statistics](#) on those claiming non-domiciled status in the UK and it is estimated that this has decreased from 76,500 to 68,300 individuals claiming non-domiciled status.

Non-UK domiciled taxpayer numbers, income tax, capital gains tax and national insurance contributions...



This decrease was largely due to the decrease in number of such individuals coming to the UK in 2020/21 – 6,000 fewer new arrivals in 2020/21 compared to the previous year. HMRC also sees more than 3,000 fewer people stay for a second year than in recent years.

HMRC believes that the primary driver of this is fewer new non-UK domiciled taxpayers coming to the UK to replace those who normally leave. This is coincident with the travel restrictions caused by the COVID-19 pandemic that led to a substantial reduction in international aviation, sea and rail travel options to the UK. Consequentially, HMRC says that it would not expect to see similar effects in the future unless a similar situation were to occur.

HMRC estimates that non-UK domiciled taxpayers accounted for £7.896 billion in income tax, national insurance (NIC) and capital gains tax (CGT) in 2020/21. Despite the lower number of non-UK domiciled taxpayers, their aggregate tax and

NICs liabilities remain broadly similar to the previous year's figure of £7.878 billion in 2019/20.

Since the changes to the deemed-domiciled rules in 2017, there has been a fall in the number of those being able to call themselves non-UK domiciled.

These changes meant that an individual who was formerly non-UK domiciled might be deemed UK domiciled for tax purposes if they were born in the UK and have a UK domicile of origin (Condition A), or if they were resident in the UK for at least 15 of the 20 tax years immediately before the relevant tax year (Condition B).

There were 10,100 individuals claiming deemed UK-domicile status in 2020/21. These are individuals that were formerly treated as non-UK domiciled for UK tax purposes prior to the 2017 policy change. This is broadly consistent with 2019/20, following two years of consistent increases. However, HMRC believes this to be an under-estimate. HMRC estimates that £3.414 billion in income tax, NIC and CGT was paid by deemed UK-domiciled individuals in 2020/21 (up from the £3.096 billion in 2019/20).

The remittance basis of paying UK tax is an option available to non-UK domiciled individuals, meaning they only pay UK tax on income/profits remitted to the UK from overseas.

In 2019/20, such individuals paid £6.352 billion in income tax, NIC and CGT. Those with unremitted income of more than £2,000 and who have been resident in the UK for seven of the last nine years pay a remittance basis charge ('RBC') of £30,000 to use the remittance basis. Those who have been resident in the UK for 12 out of the last 14 years have to pay £60,000. There were 1,900 RBC-payers in 2018/19, increasing to 2,000 in 2019/20 - those individuals paying £925 million to £987 million respectively in income tax for those years.

The figures show that in 2019/20, 58% of those claiming non-UK domiciled status resided in London.

Remittance basis users can avoid paying UK tax on their remittances if the monies are invested in UK businesses – this is known as Business Investment Relief and has been in place since April 2012. Between then and 2020, £6.3 billion has been invested accordingly, with £853 million invested in 2019/20 alone from 500 individuals.

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