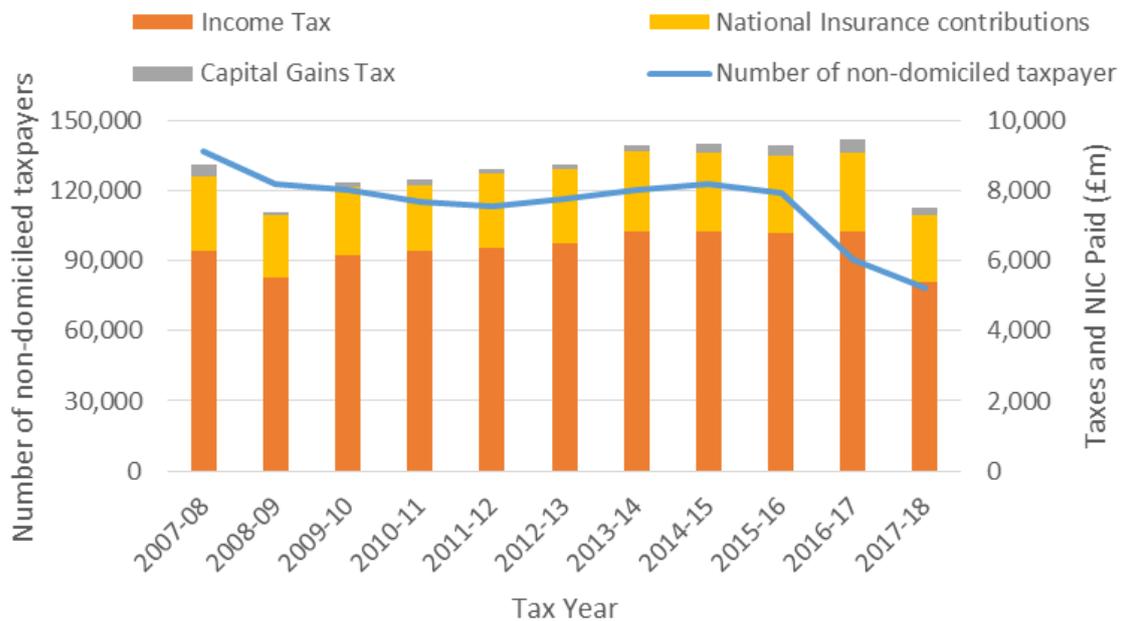




Key points

- In 2017-18, there were an estimated 78,300 individuals claiming non-domiciled taxpayer status in the UK on their SA tax returns, down from around 90,500 in the previous year.
- It is estimated that non-domiciled tax payers paid £7,539m in UK Income Tax, Capital Gains Tax and National Insurance contributions in 2017-18. This is a decrease from the previous year's estimate of £9,489m.
- The decrease in the number of non-domiciles between 2016-17 and 2017-18 is explained by two reasons. First, individuals switching to domiciled status and continuing to pay tax in the UK. Second, those individuals leaving the UK tax system. These effects are roughly equal.
- In 2016-17, 53,300 non-domiciled taxpayers paid £7,713m in Income Tax, Capital Gains Tax and National Insurance contributions on the remittance basis. This is the highest amount paid by this group since the series began in 2008-09. Of this group, 4,700 paid remittance basis charges in 2016-17, with payments totalling £315m.

Figure 1: Non-domiciled taxpayer numbers, Income Tax, Capital Gains Tax and National Insurance contributions



About this release

This publication is the annual update of statistics on individuals who are non-domiciled for tax purposes. To qualify as a non-domiciled taxpayer an individual must have their permanent home, their 'domicile', outside the UK for tax purposes and must claim non-domiciled status in the UK for tax purposes on their UK Self Assessment tax returns.

Website: www.gov.uk/government/statistics/statistics-on-non-domiciled-taxpayers-in-the-uk
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Non-Domiciled Taxpayers and Taxes – Table 1

There were an estimated 78,300 individuals claiming non-domiciled taxpayer status in the UK on their Self Assessment tax returns in 2017-18. This is down from around 90,500 in previous years which can be seen in Figure 1. Overall, of all non-domiciled taxpayers in 2017-18, the majority claimed UK residence as in previous years.

In 2017-18, the amount of UK Income Tax, Capital Gains Tax and National Insurance contributions paid by all non-domiciled taxpayers was estimated to be £7,539m. This is a fall from last year's estimate of £9,489m. This can also be seen in Figure 1.

The drop between 2016-17 and 2017-18 in both the number of non-domicile taxpayers and the amount of Income Tax, Capital Gains Tax and National Insurance contributions paid can be explained by four main groups:

1. Those who were non-domiciled in 2016-17 and stayed non-domiciled in 2017-18. This group paid slightly more in tax and National Insurance contributions in 2017-18 than in 2016-17.
2. Those who were non-domiciled in 2016-17 and have become domiciled in 2017-18. This group paid roughly the same in tax and National Insurance contributions in 2017-18 and in 2016-17. This group and their revenue are not counted in this publication, as they no longer are identified as non-domiciled, and instead appear elsewhere in our statistics. Some of this group became domiciled under the new deemed-domiciled rules that came into effect in April 2017. For more information on these new rules, please see the supporting documentation, or on GOV.UK at <https://www.gov.uk/guidance/deemed-domicile-rules>
3. Those who were non-domiciled in 2016-17 and who have stopped paying tax in 2017-18. This group paid roughly the same amount of tax in 2016-17 that the new non-domiciles, in the next group, paid in 2017-18.
4. Those who are new non-domiciles in 2017-18. There were slightly more new non-domiciles in 2017-18 than those in the previous group who stopped paying tax.

Overall, whilst there has been a drop in the number of non-domicile taxpayers and the amount of tax and National Insurance contributions in these statistics, due to the points made above, this has not resulted in a fall in revenue to the Exchequer. Instead, the decrease in tax and National Insurance contributions in these statistics comes from taxpayers who were previously non-domiciled becoming domiciled. The decrease in the number of non-domiciles is nearly equally explained by the second and third groups above.

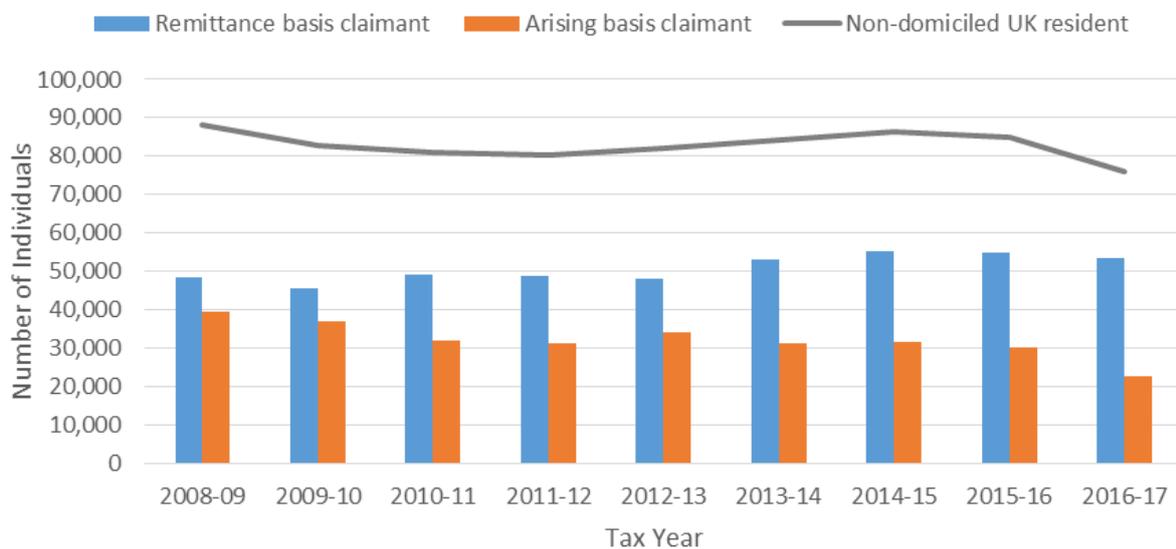
There was also a large drop in those claiming non-domiciled status between 2015-16 and 2016-17 (though the amount of Income Tax, Capital Gains Tax and National Insurance contributions made by this group increased between these two tax years). As explained in last year's publication, the decrease in those claiming non-domicile status is due to two broadly equal reasons: First, taxpayers switching their status from non-domiciled to domiciled. Second, non-domiciled taxpayers who contributed comparatively little tax who left the UK tax system in 2016-17.

Non-domiciled UK Resident Taxpayers, Remittance Basis and Arising Basis – Table 2

We have provided provisional figures for 2017-18 for Table 1 only. However, further breakdown of the figures for that year are not yet possible and will be included in next year’s publication. For the rest of this publication, we will therefore discuss tax years up to 2016-17. For reader’s ease, we have included in Table 2, the appropriate total figure from Table 1.

The vast majority of non-domiciled taxpayers are UK resident. For the tax year 2016-17 in Figure 2, the number of UK-resident non-domiciled taxpayers fell from 85,000 to 75,900, compared with a fall from 90,500 to 78,300 for all non-domiciled taxpayers. The UK resident non domiciled group is taxed on two bases: a remittance basis when foreign income is remitted to the UK, or an arising basis. This fall in non-domiciled UK resident taxpayers in 2016-17 is mainly due to a fall in those claiming the arising basis.

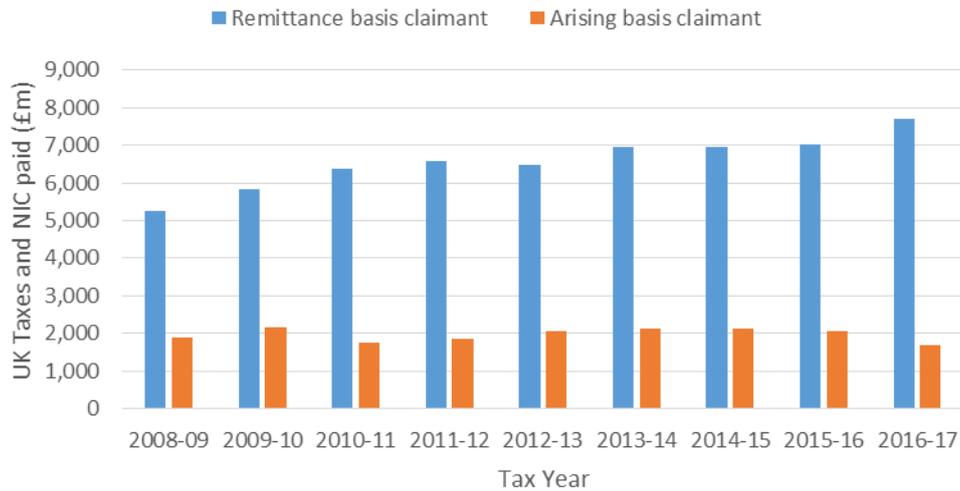
Figure 2: Number of non-domiciled UK residents claiming the remittance basis or the arising basis of taxation



Remittance Basis and Arising Basis Non-domiciled UK Resident Taxpayers

In Figure 3, non-domiciled UK resident taxpayers claiming the remittance basis of taxation on their Self Assessment tax return have paid more in every tax year than those claiming the arising basis of taxation on their Self Assessment tax return. For the year 2016-17, more UK taxes and National Insurance Contributions (NICs) have been received in total than for any other year for remittance basis claimants. This table will not include some individuals who pay tax on the arising basis without claiming non-domiciled status on the SA return.

Figure 3: Total UK Income Tax, Capital Gains Tax and National Insurances contributions paid by non-domiciled taxpayers on the remittance basis of taxation and by non-domiciled taxpayers on the arising basis of taxation.



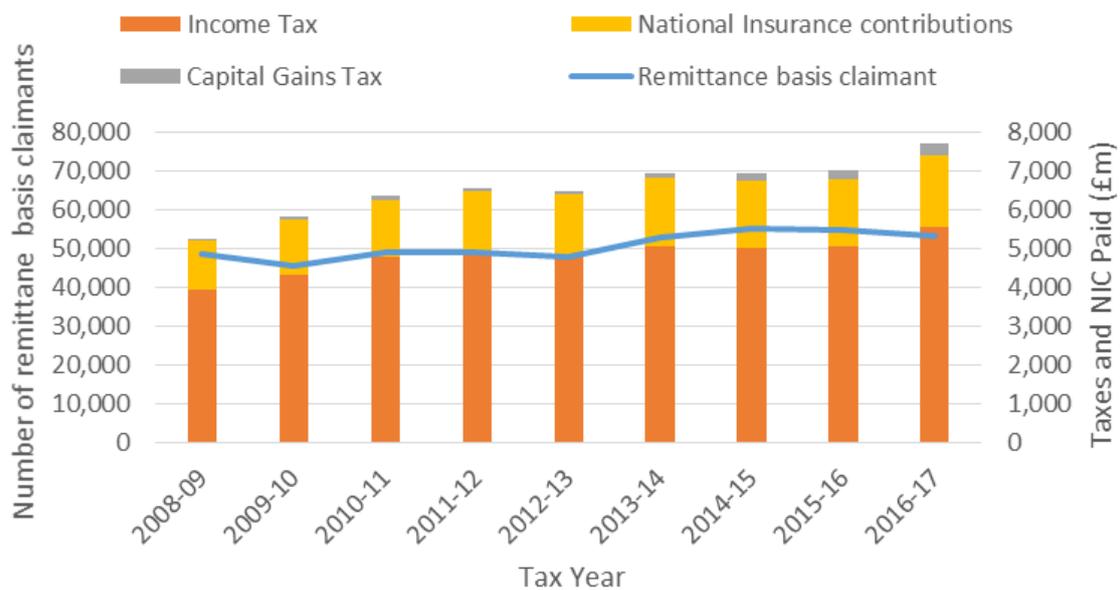
Remittance Basis and the Remittance Basis Charge – Table 3

Population Changes

The number of non-domiciled taxpayers liable to pay the remittance basis charge is fairly stable over time.

Remittance Basis Claimants and Taxes

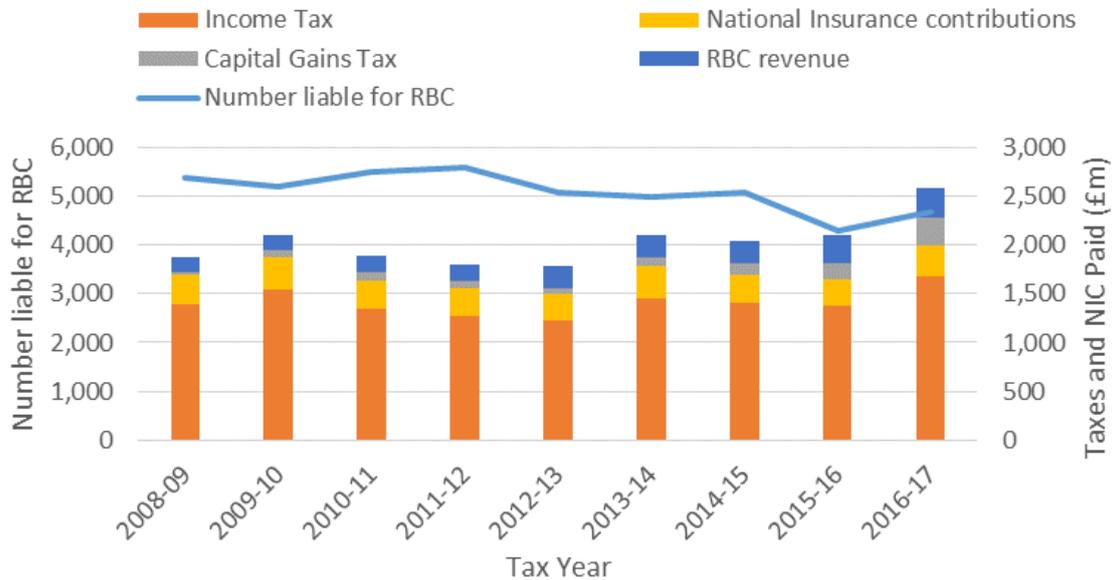
Figure 4: Number of non-domiciled UK resident taxpayers taxed on the remittance basis and their Income Tax, Capital Gains Tax and National Insurance contributions.



Non-domiciled taxpayers on the remittance basis in 2016-17 paid £7,713m in Income Tax, Capital Gains Tax and National Insurance contributions. From Figure 4 it can be seen this is the highest amount paid by this group since the series began in 2008-09. The total amount of UK Income Tax, Capital Gains Tax and National Insurance contributions show a generally upward trend. However, this does not include the remittance basis charge. The number of non-domiciled taxpayers paying on the remittance basis was 53,300 in 2016-17. This is expected to be revised in future years due to a small number of late filers.

Remittance Basis Charge Revenue – Table 4

Figure 5: Non-domiciled UK resident taxpayers liable to pay the remittance basis charge and UK Income Tax, Capital Gains Tax, National Insurance contributions and remittance basis charge revenue.

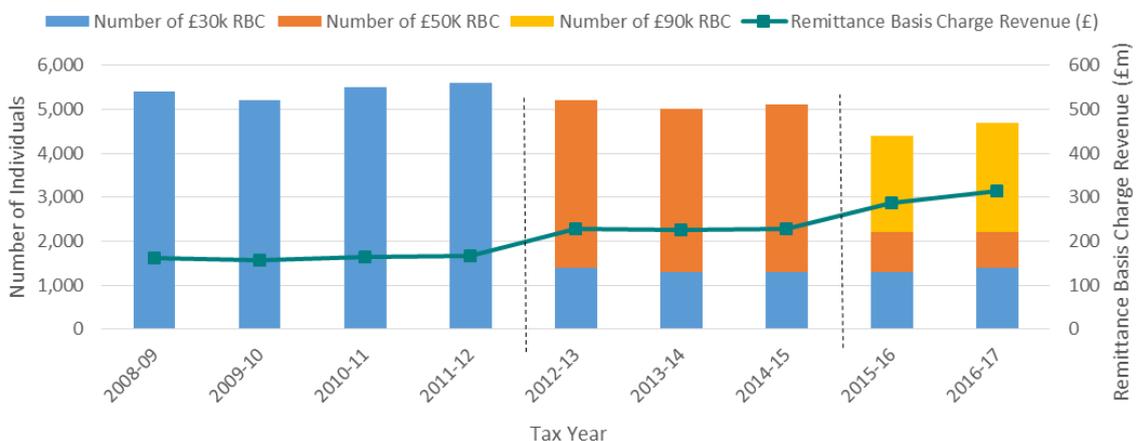


The number of taxpayers who paid remittance basis charges increased from 4,300 in 2015-16 to 4,700 in 2016-17. The total amount paid by these taxpayers in Income Tax, Capital Gains Tax, National Insurance contributions and the remittance basis charge increased to around £2,594 million. This is a large increase in revenue compared to previous years for this population. It is, however, too early to determine if this is a one-off, or part of a longer term trend.

Remittance Basis Charge Revenue and numbers

Figure 6 below shows the change over time in the number of non-domiciled taxpayers who pay the remittance basis charge by amount paid in a particular tax year, and the amount of revenue generated by the remittance basis charge. The line breaks represent the addition of a separate higher remittance basis charges in April 2012 and April 2015 for longer-term UK residents who claim the remittance basis. The supporting documentation for this provides more details on the remittance basis charges.

Figure 6: Break down of non-domiciled taxpayers that pay the remittance basis charge by charge amount.



As previously mentioned in Figure 5, there has been a slight increase in the number of remittance basis charge payers, and is explained by those paying the highest £90,000 charge. The amount of revenue raised via the remittance basis charge has increased to £315m in 2016-17. This is the largest amount since charges were introduced in April 2008.

Non-Domiciled Taxpayers by Region – Table 5

London had the largest non-domiciled taxpayer population in 2016-17, with 58% of non-domiciled taxpayers in the UK being located in that region and 76% of UK Income Tax, Capital Gains Tax and National Insurance contributions coming from that region. London also had the largest population of UK resident non-domiciled taxpayers, and the largest population of non-domiciled taxpayers on the remittance basis.

Business Investment Relief in the UK – Table 6

In 2016-17 the cumulative value of investments in UK businesses on which Business Investment Relief has been claimed is nearly £3,471m. In 2016-17 alone, £979m was invested in the UK from 500 non-domiciled taxpayers which is the highest annual amount since the Business Investment Relief scheme was introduced. The number of individuals using Business Investment Relief has grown year on year since the introduction of the measure.