

## [A familiar pattern](#) [1]

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It's getting to be a familiar pattern. Think up some wizard scheme that will buy you a day's headlines. Announce your policy. Enjoy the headlines. Watch with mounting alarm as the Opposition, everyone affected, experts on the subject and the media all point out how unjust and unworkable it is. Try to get yourself out of your hole by getting the civil servants to think up a few ifs and buts that might make the policy more palatable. Press on to the next headline-grabbing stunt.

We're seeing this script being rehearsed again in the debate over the taxation of non-domiciled persons in the UK. The Conservatives (sadly) started it, saying that foreign millionaires living here ought to pay at least some tax. It didn't exactly excite the general public, though anything that does in millionaires is usually reckoned to go down well at the ballot box. And it was too good for the government ? still in Brownian mode of trying to fund its tax-and-spend imperative by extracting from taxpayers as much money as it can in as many ways it can devise with whatever penalties it considers necessary ? to miss. But of course, the very power of that imperative meant that the HMRC vampires sank their teeth in too far ? far enough for non-doms to start consulting their lawyers and saying that they (and their investments) would be leaving the UK for somewhere sunnier and lower taxed.

So the next phase, the extrication phase, has now begun. Spin-doctors have been suggesting that non-doms who have lived in the UK for more than seven years will hardly be affected at all. They'll just have to pay a flat rate of £30,000 pa (which seems like rather a large tax bill to me) ? or face paying UK tax on their non-UK earnings (which is undoubtedly even more). Special negotiations have gone on with Washington to try to make sure that American non-doms, in particular, will be able to offset the £30,000 against their US tax bills, sparing them a dose of double taxation. And the art market will be specifically exempted from the non-dom charges ... and so on.

All of this might indeed take some of the sting out of the new tax. It might even convince a few non-doms that the UK government is not in fact a bunch of unscrupulous money-grabbing opportunists who are not worthy of their trust, and that they should stay. It might. If it does, unfortunately it will do so at the cost of making the tax system even *more* complicated.

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