



## Non-Domicile Tax Status

House of Commons, January 31, 2023

Speech by James Murray MP (Ealing North) (Lab/Co-op)

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I beg to move:

*That there be laid before this House, no later than 28 February 2023, a copy of the Treasury analysis related to the effect of the abolition of the non-domicile tax status on the public revenue referred to by the Chancellor of the Exchequer in evidence to the Treasury Committee on 23 November 2022 together with any other document or analysis relating to that matter prepared for the Chancellor's consideration since 14 October 2022.*

Today, 31 January, is of course the last day for people across the country who pay taxes by self-assessment to file their returns and make any payments. In a very small number of cases, those tax returns will have been submitted by people who are claiming tax benefits because of their non-dom tax status. That loophole is well known to some of the current occupants of Downing Street; indeed, some of them may still have that status and hope to benefit from it again in future.

The loophole allows a small group of high-income people who live in the UK to avoid paying tax on their overseas income for up to 15 years. It is a status that can be passed down through people's fathers. It costs the public finances £3.2 billion a year and it fails to support economic growth in the UK. It is a 200-year-old loophole that should have no place in our modern tax system.

When the Government are making working people pay more tax, it is simply wrong to allow wealthy people with overseas incomes to continue to benefit from an outdated tax break. It is also bad for UK business. The loophole prevents non-doms from being able to invest their foreign income in the UK, as bringing it here means that it becomes liable for UK tax. That is why the shadow Chancellor, my right hon. Friend the Member for Leeds West (Rachel Reeves), first set out our party's position last April—four Conservative Chancellors ago. She confirmed that, in government, Labour would abolish the non-dom status as part of our reforms to create a fairer tax system for working people. We will abolish that indefensible 200-year-old tax loophole and introduce a modern scheme for people who are genuinely living in the UK for short periods.

Labour believes that, if a person makes Britain their home, they should pay their taxes here. That patriotic point should be accepted on all sides of the political divide, yet Ministers in this Government, under this Prime Minister, seem desperate to defend the non-dom loophole. What is it about the current Prime Minister that makes him so reluctant to abolish non-dom tax status? The Government are increasing taxes on working people, businesses are struggling, and our NHS is in crisis. Yet the Conservatives defend a small number of rich people who use non-dom tax status and offshore trusts to wriggle out of paying taxes here in Britain.

We know that the Prime Minister understands how non-dom tax status works—he can hardly claim ignorance on that—so how can he possibly justify it? How do Conservative MPs look their constituents in the eye and tell them that their taxes will keep going up, while the taxes of non-doms must always stay down? It is indefensible, and that is why the next Labour Government will act by abolishing the non-dom tax status.

Our position contrasts with that of the current Government, whose Ministers have been at pains over the past year to protect this unfair loophole. When the Chancellor told the Treasury Committee last November that he wants “to make sure that wealthy foreigners pay as much tax in this country as possible”, his words could not have rung more hollow. They rang almost as hollow as the Prime Minister's promise when he took office that he would run a Government of “integrity, professionalism and accountability.” The truth is that the Prime Minister is running a Government without even basic competence and it is hitting people across this country.

People are feeling the impact on this country's economic growth as we lag so far behind other countries around the world. People are feeling the impact of so many parts of our public services breaking at the seams, and people are feeling the impact as the big challenges of the future get kicked ever further into the long grass.

We need a Government with a plan to grow the economy, with the drive to get ahead of the challenges of the future and with the determination to reform and strengthen our public services. Nowhere is that clearer than with the NHS, as more

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than 7 million people wait months and even years for treatment, unable to work or to live their lives to the full. We know that, to make the NHS fit for the future and able to support a healthy society and economy, it desperately needs reform and sustainable funding from a growing economy.

(Interruption) It would only be a Conservative MP who could criticise an Opposition shadow Minister for suggesting that people should pay their fair share of tax.

I was speaking about the NHS, so let us look at the Government record on the NHS and see what can be done. We know that, after 1997, Labour's reforms and funding from a growing economy meant that our country had an NHS of which we were proud. If we win the next general election, as my hon. Friend the Member for Ilford North (Wes Streeting) the shadow Health Secretary has set out, one of the first steps we will take to get the NHS back on track is to use some of the money raised by scrapping non-dom status to implement a work-force plan that addresses the root cause of the crisis the NHS is in. Under our plan, we would double the number of medical school places to 15,000 a year. We would double the number of district nurses qualifying each year. We would train 5,000 new health visitors a year. We would create 10,000 more nursing and midwifery clinical placements each year.

The NHS is one of the great challenges we face, but we know another challenge that parents and children across the country face: the desperate need for a modern childcare system. We need a system that supports families from the end of parental

leave to the end of primary school, as the shadow Education Secretary, my hon. Friend the Member for Houghton and Sunderland South (Bridget Philipson), has set out. As the first step in this landmark shift, we would use revenue from abolishing non-dom tax status to guarantee breakfast clubs for every primary age child in England. Too many families cannot afford the clubs before school that boost children's learning and development and help parents to go to work. Labour's plan would save families money as well as help parents to work the jobs and hours they choose.

Our plan to abolish non-dom status, replace it with a modern system and use the money raised to strengthen the NHS, childcare and the economy should be a no-brainer. Yet the Conservatives refuse to do it. We want to know why. This is not the first time I have asked Ministers to explain their position. In the last few months of last year, I asked Treasury Ministers five times to explain why the Government have been so reluctant to abolish this outdated tax loophole. I asked Ministers five times whether the Chancellor considered abolishing non-dom tax status, whether the Prime Minister was consulted about doing so and whether, when the current Prime Minister was Chancellor, he recused himself from discussions on the matter.

Five times I asked those questions; five times the Ministers refused to answer or even acknowledge them. Instead, Ministers have been determined to defend non-dom status. I suspect we will hear some of those same defences today. If previous debates are any guide, the Minister may well repeat her line that we should be grateful to non-doms for paying £7.9 billion in UK taxes last year.

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