

Impact on British expats if Labour Party wins election

Many of the estimated seven million British expats worldwide, including more than 200,000 in South Africa, could soon be tempted to drop their UK domicile status in favour of a foreign one if the Labour Party wins the UK general election on 7 May.



© bahrialtay – za.fotolia.com

The prediction from Nigel Green, founder and chief executive of deVere Group, which has 80,000 mainly expatriate clients, comes in response to the Labour leader's controversial vow to scrap the UK's non-dom tax status should his party win the election.

"In what seems to be a ploy to woo voters through the use of the politics of envy rhetoric, Ed Miliband has promised to abolish the non-dom tax rule," Green explains.

"Whilst this move would, of course, likely trigger an exodus of the country's most successful and wealthiest non-dom taxpayers - who contribute a disproportionately high amount both directly and indirectly to the British economy - and also deter top international talent and investors from coming to the UK, it would have other, far-reaching effects too."

Change of domicile

"The new rules could also be expected to impact many of the estimated seven million British expats around the world. If a Labour government scraps the non-dom tax status, it can be reasonably assumed that British expats will no longer be able to change their UK domicile to a foreign one," he continues.

"Historically, some long-term expats have given up their UK domicile in order to legitimately reduce their tax burden, amongst other financial benefits. For instance, should you have a foreign domicile you are not liable for inheritance tax in the UK.

"Therefore, should Labour come to power and abolish the non-dom tax status, I suspect many more expats would seriously consider this route soon after 7 May - whilst they still have the chance to do so. However, our experience shows that the vast majority of British expats would prefer not to take on the domicile of another country - even if they have lived there for many years.

"As such, I recommend that if there is a Labour government and plans to scrap the non-dom status go ahead, before switching domiciles is pursued, British expats should consider with a cross-border financial specialist the myriad of other bona fide options that allow these individuals to use their expat status to their financial advantage," Green says.

For more, visit: <https://www.bizcommunity.com>