



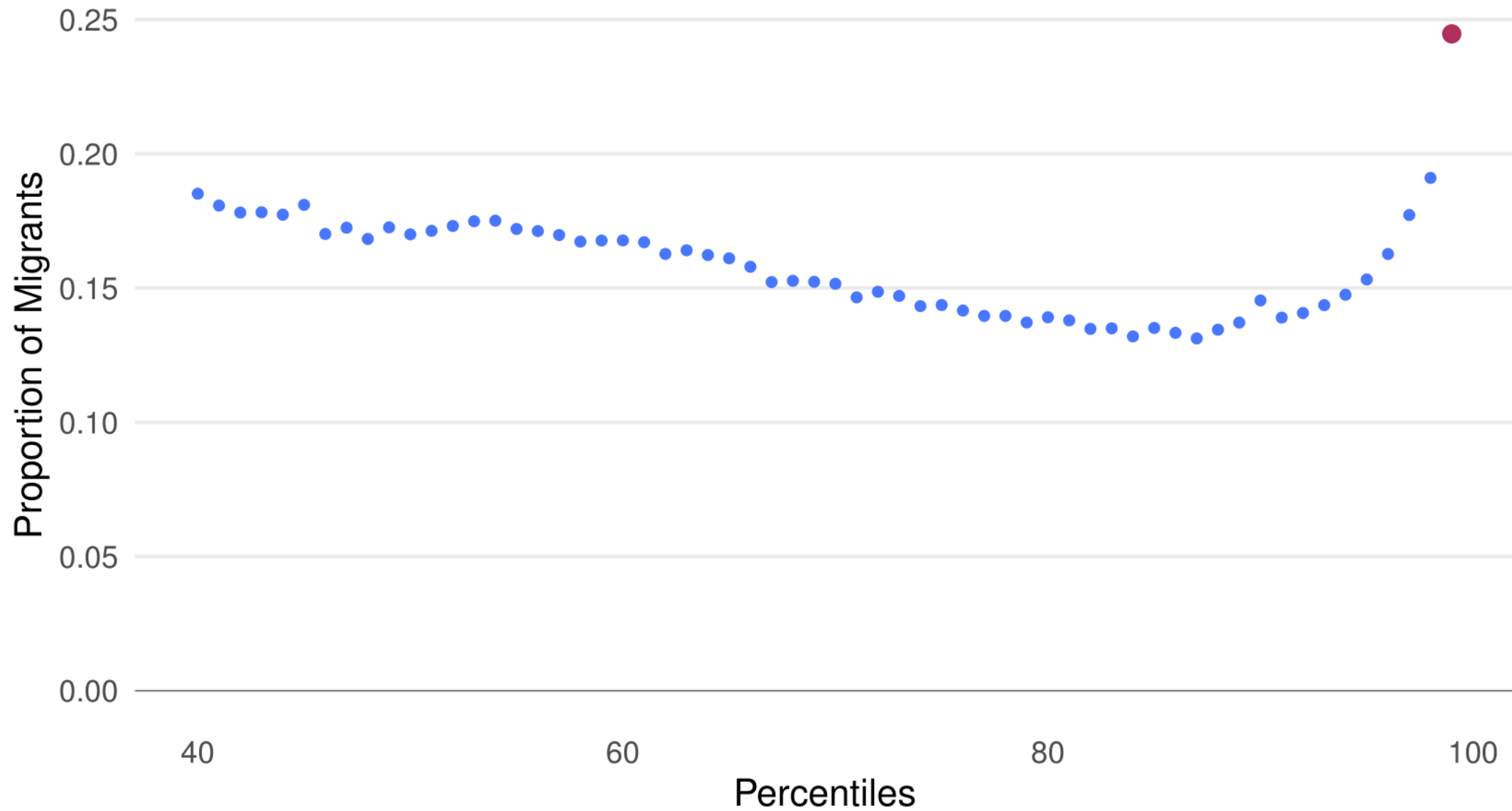
Taxation of Internationally Mobile Individuals

Arun Advani, Associate Professor, University of Warwick

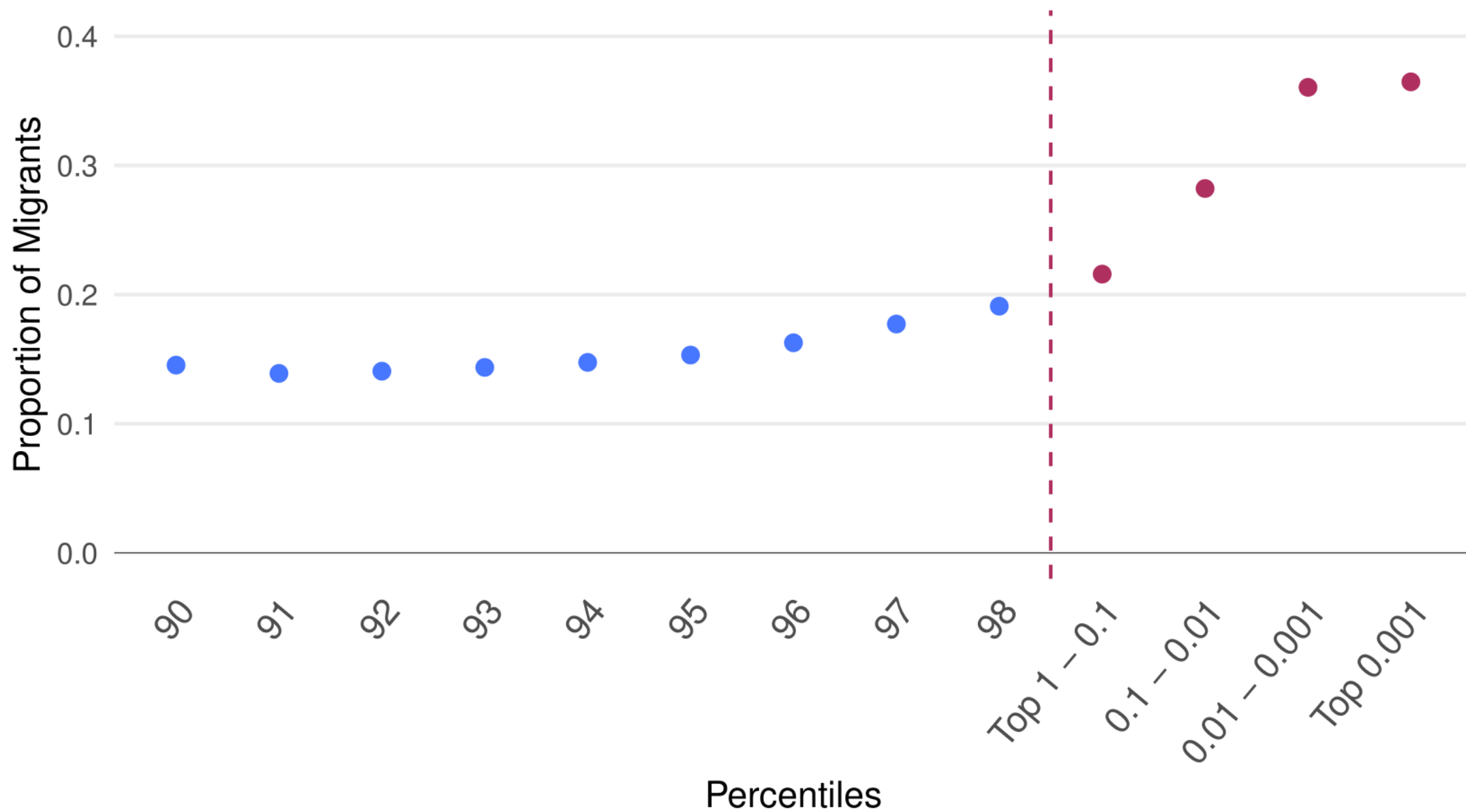
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Fri 31st March 2023

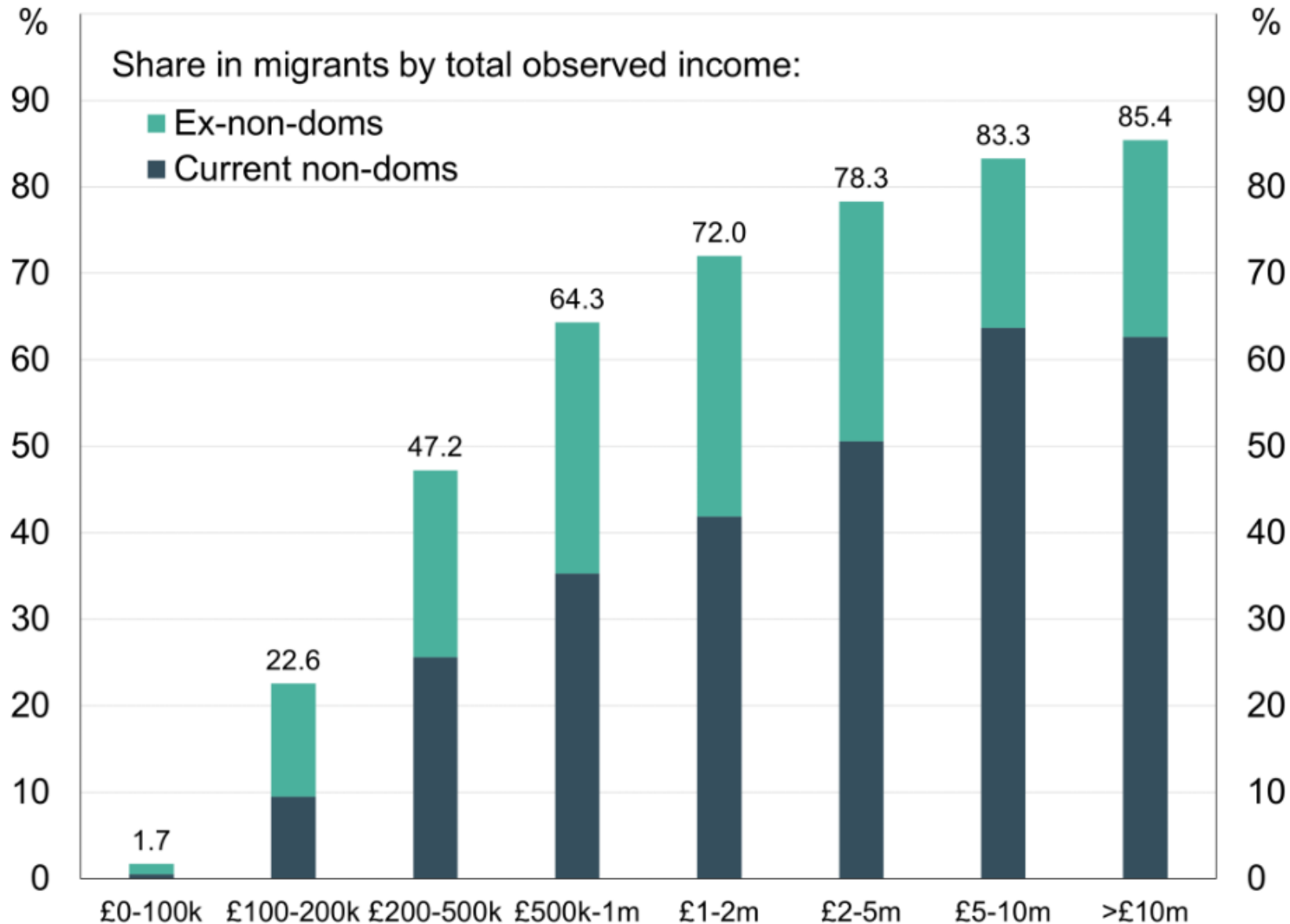
Migrants over-represented at the top



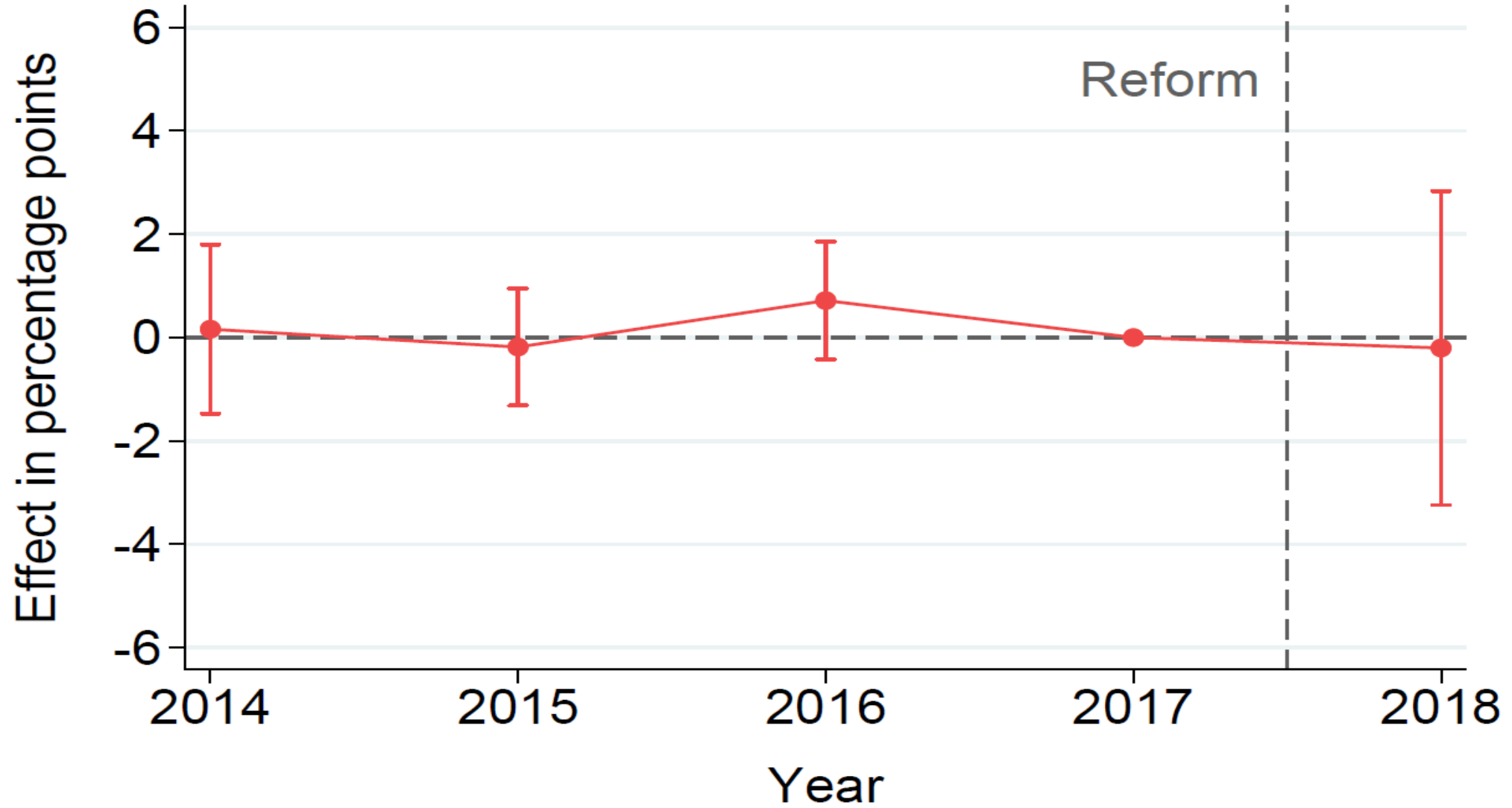
Migrants over-represented at *very* the top



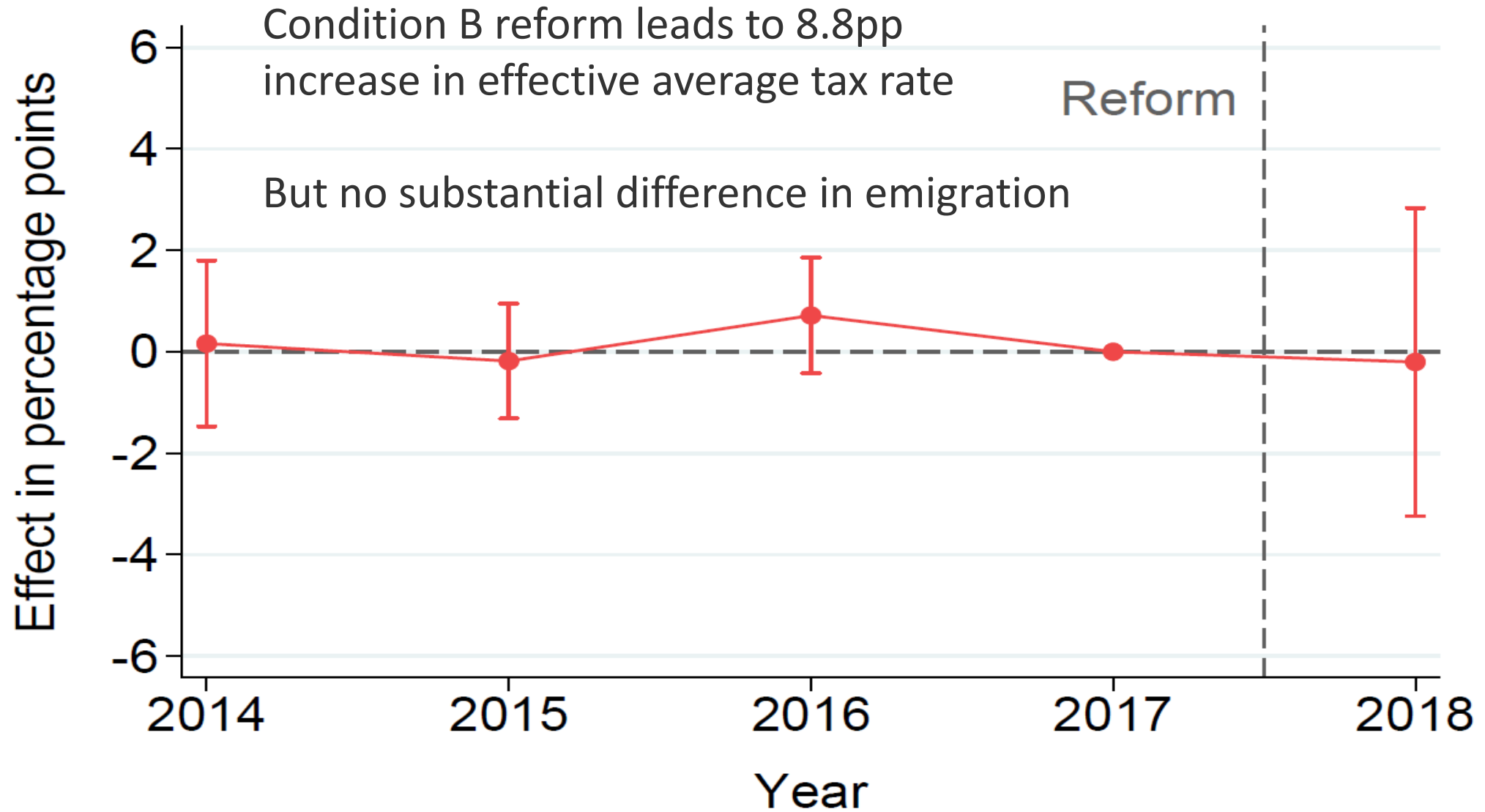
Large share of high-income migrants are non-dom



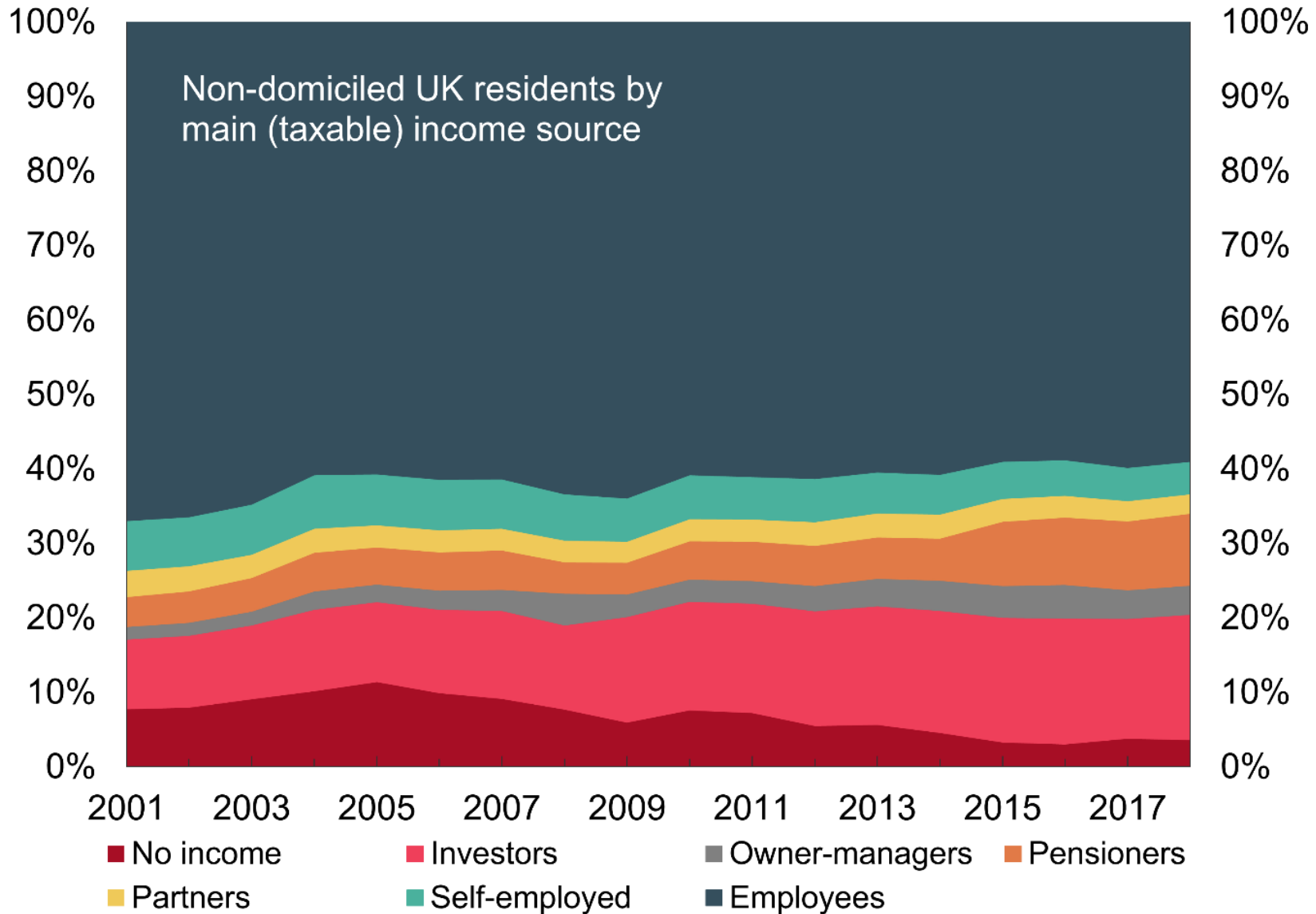
Impact of Condition B restrictions



Impact of Condition B restrictions



Non-doms are largely workers...



...concentrated in finance & professional services

Rank	Industry	Number of non-doms	Mean income of non-doms (£)	Dependency ratio (%)
1	Banks	11,707	535,951	21.8
2	Activities auxiliary to financial intermediation	4,006	1,071,423	19.8
3	Management consultancy activities other than financial management	3,106	460,749	14.1
4	Fund management activities	2,570	728,953	18.2
5	Other business support service activities	1,913	413,310	17.2
6	Activities of head offices	1,674	495,920	17.2
7	Financial management	877	555,001	23.3
8	Security dealing on own account	757	724,467	24.5
9	Other professional, scientific & technical activities	747	509,371	24.6
10	Extraction of crude petroleum	659	338,011	21.3

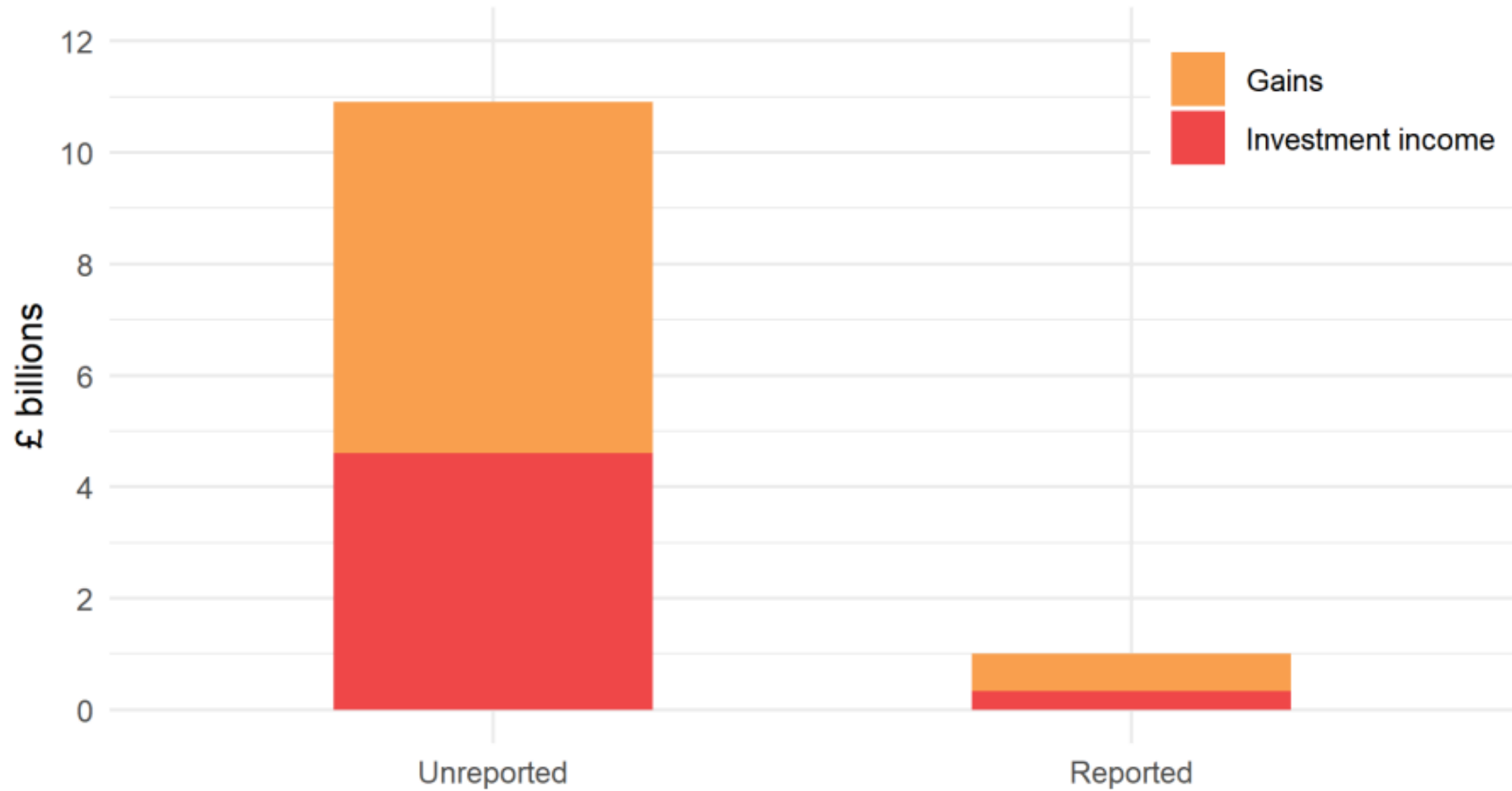
Also true for top migrants more broadly

Industry (SIC)		Share of Top 1% Migrants	Average Income (£)	Industry Dependency Ratio Share
1	Banks (64191)	17.0	383,301	39.7
2	Hospitals (86101)	6.4	160,412	37.1
3	Management consulting (70229)	4.2	326,813	27.4
4	Support to financial services (66190)	4.1	515,550	34.7
5	Fund managers (66300)	3.6	431,620	36.1
6	Information technology (62020)	2.4	207,960	21.1
7	Head offices (70100)	2.2	422,862	27.1
8	Medical practice (86210)	2.1	194,188	29.2
9	Business administration (82990)	1.9	314,761	25.8
10	Software development (62012)	1.3	208,332	20.9

Problems with current regime

1. Discourages investment in the UK

Non-doms have 10x as much investment overseas



Problems with current regime

1. Discourages investment in the UK
2. Require some credibility to claim you will leave, discouraging retention of top talent
3. Uncertainty for taxpayer and HMRC
4. Unfairness horizontally and vertically

Alternatives?

- Residence? Citizenship?
- Test will surely be different for income tax vs CGT vs IHT
- Are we trying to 'not discourage' migrants, or actively trying to encourage them?
 - If latter, what kind of migrants?