

C A G E

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CAGE working paper no. 570

April 2022

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1: Introduction

In recent decades there has been growing academic interest in how the British economic elite may be changing from its old aristocratic and professional bastions, rooted in the English shires, to a more cosmopolitan and global orientation, driven by finance and global capital flows (e.g. Savage et al., 2015; Savage et al., 2017; Webber and Burrows, 2016). Public debate is fuelled by media stereotypes, which can seize on symbolically loaded cases such as Mohammed Al-Fayed's acquisition of the elite Harrods department store or the purchase of Chelsea FC by Roman Abramovich, often tinged with an atavistic 'Little Englandism'. Journalist Peter York, whose *Sloane Ranger Handbook* with Ann Barr inspired much speculation about the reviving fortunes of the English upper crust in the 1980s (Barr and York, 1983), wrote more recently for *Prospect Magazine* in 2015 of 'an extraordinary mixture of Russian oligarchs, Middle Easterners, new petrodollar types from Nigeria, Indians, Malaysians, and latterly Chinese [...] driving up the prices of London property and driving out all but the richest, most adaptable Sloanes' (York, 2015).

We need to do better than rely on media stereotypes, however. Hitherto, there has been no systematic data on the extent to which the British economic elite has become globalised, the international ties they maintain, and how they impact upon elite enclaves within the UK. We address this major gap in our knowledge using unique access to de-identified administrative microdata from the full tax returns of every individual who claimed non-domiciled (henceforth 'non-dom') status over the period 2001–2018. The resulting dataset provides exceptionally detailed information on the composition of non-doms' taxable income, together with geographical information on where they live, what industries they work in, and demographic information including age, sex, and nationality. We will therefore be able to provide an unprecedented comprehensive analysis of the non-dom phenomenon's sociological significance, which allows us to make a vital contribution to analysing the contemporary British economic elite.

¹ Our thanks to Helen Hughson and Timothy Monteth for excellent research assistance. This work was supported by funding from the International Inequalities Institute, STICERD and Law School at the London School of Economics, and the Economic and Social Research Council (ESRC) through the CAGE Research Centre at the University of Warwick (ES/L011719/1). This work contains statistical data from HMRC which is Crown Copyright. The research datasets used may not exactly reproduce HMRC aggregates. The use of HMRC statistical data in this work does not imply the endorsement of HMRC in relation to the interpretation or analysis of the information.

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To set the scene, in Section 2 we begin by explaining why we need to extend our studies of inequality beyond purely nation-based studies, to account for flows of people between nations. In Section 3, we introduce the non-dom phenomenon in the UK, outlining its key legal features – including the tax benefits that it confers – as well as the controversy generated in public discourse concerning elites and tax justice. Although there has been considerable media and political interest in prominent non-doms who are in the public eye, this does not provide a rigorous assessment of the scale and significance of the phenomenon. We will show how we can use administrative tax data to address this question, which is of central sociological and political importance.

After explaining in Section 4 how we define and measure non-dom status for the purposes of our study, in Section 5 we consider the economic and demographic profile of non-doms. Here we highlight four key facts. First, non-doms form part of a global economic elite based in the UK hub. Although only a small proportion of all UK residents are non-doms, they make up a substantial share of UK top earners as a whole. Moreover, the vast majority (over 97%) of non-doms either come from abroad or have spent substantial time living overseas, attesting to their international connections. Second, we examine whether it is fair to characterise non-doms as a rentier class, as opposed to the working rich. Here, although there is some evidence for the notion of non-doms as wealthy oligarchs and potentates, a large majority are actually employees, indicating a deeper embeddedness within wider swathes of the British economic elite than has previously been imagined. Third, we reveal which industries non-doms are most involved in. Overall, finance dominates as expected, but within certain geographical areas we also find striking concentrations in oil refining, sports, and research activities. Finally, we show how non-doms skew notably younger, and are more likely to be female, than the wider economic elite in the UK.

In Section 6, we study the geographic connections of non-doms, ranging from the global to the hyper-local. We first set out the countries to which non-doms claim national ties. This provides a much more nuanced understanding of their international profile than that derived from media stereotypes. Our findings demonstrate the strong and continued imprint of imperial ties to the white settler ‘anglosphere’, as well as continental Europe, coupled with the rapid rise of China, India, and the ex-Soviet states. We then explore the residential geography of non-doms within the UK, most strikingly their extreme concentration in affluent parts of London, but also the concentration of different national groupings in varying areas of London. The macro-global trends in the internationalisation of the economic elite are also marked in the regional and urban geography of the UK, to the extent that they help explain the entrenched regional divisions within Britain. We conclude by emphasising the vital need to link transnationalism to studies of inequality in the UK and around the world.

2: Inequality and international flows

The UK’s status as a major global hub for top earners is clear. More than one in four of the UK’s top 1% (by income) are migrants, rising to nearly four in ten within the top 0.01%; moreover, the share of migrants at the top has risen rapidly over the past two decades (Advani et al., 2020). There is a particularly high share of foreigners amongst the UK’s leading CEO’s (Hartmann 2017), and the financial sector – which relies heavily on migrants – has played a key role in driving high earnings (Jenkins, 2016). Huguée et al.’s (2020) account of the European class structure shows that it is the UK, and not Germany or France, which has the highest proportion of Europe’s professional and managerial

‘dominant’ class, a factor linked to the centrality of the UK to global finance and corporate power. In large part this international orientation derives from Britain’s imperial status as the world’s most powerful empire through to 1914 (Piketty 2020). Even though British imperial influence has waned since the early 20th century, a strong legacy remains (Bhambra, 2017, 2022; Sanghera, 2021).

The UK has also been singled out for its central role in developing legal instruments during its imperial heyday that remain important conduits for the renewal of economic inequality to the present day. Katharina Pistor (2019) has reflected on the superior capacity of the British common law tradition to ‘code capital’ compared to continental European civil law traditions. Brooke Harrington (2017) has emphasised the role of the trust mechanism, which has roots in the medieval English aristocracy, in allowing the wealthy to organise their resources so that they are not visible to state regulation (see also Harrington and Seabrooke, 2020). Vanessa Ogle (2017) has emphasised how an enduring feature of British imperial power has been to create a series of offshore tax havens, many of which are former, or current, British colonial dependencies.

The UK therefore plays a significant role in driving global inequalities in two differing but linked ways: first through the flow of top earners and the wealthy to and from the UK, and secondly through the capacity of its institutional and legal forms – originally developed in the British imperial context – to be highly effective for the acquisition and protection of high incomes and wealth within contemporary global capitalism.

However, existing data sources have not allowed these phenomena to be studied in depth. Taxation data and sample surveys rely on measurement at the national scale: taxes are collected by nation states, and surveys normally sample on a national basis. Even the pathbreaking work splicing together national sources into global analyses (e.g. Milanovic, 2016; Alvaredo et al., 2018b; Piketty, 2020; and more generally the work of the World Inequality Lab, e.g. Chancel et al., 2022) still operates by amalgamating national-level data into larger geographical composites. Though this work has been valuable in distinguishing the differing patterns of ‘between-nation’ and ‘within-nation’ inequality, it has not addressed how the spatial flows of people, income, and wealth between nations is itself associated with inequality dynamics, in the way which anthropologists, geographers, and sociologists have long insisted upon (e.g. Appadurai, 1996; Urry, 2000; Savage, 2021).

The sociological significance of transnational mobility has been demonstrated by studies of the mobility of Europeans between different nations within the European Union. Mobile professionals and managers do indeed regularly move between different European nations through their professional routines, their leisure time, and their family and social networks. By contrast, working class and disadvantaged groups are much less likely to engage outside their national environs (Fligstein, 2008; Recchi et al., 2019; Hanquinet and Savage, 2018). The differing relations which social classes have to their national confines mean that it is unhelpful to somehow assume that different kinds of residents are located within one discrete, bounded, ‘national society’.

The limits of the now influential body of economic research in relying on national-level analysis are revealed in the debate on Thomas Piketty’s important new book, *Capital and Ideology* (2020). Although he brilliantly extrapolates from the exceptionally wide-ranging coverage of the World Inequality Database across much of the world, and seeks to develop a genuinely global analysis, he has been criticised for fixating on ‘within-nation’ inequality and for lacking an adequate account of the

dynamic flows between nations (Bhambra, 2021). Consequently, although analytically there is no disputing that inequality operates at many spatial scales, from the global to the local (e.g. Jones 2014), and that nations cannot be treated as the ‘containers’ or silos of inequality, this sensitivity has not yet sufficiently informed inequality research.

Our research marks a major advance in the analysis of the international facets of economic inequality, focusing on the British case. Up until now, most of what is known about the UK’s global economic elite is confined to individual vignettes, many of which enjoy a high media profile and allow sensational headlines. The *Sunday Times Rich List*, which provides wealth and biographical information for the UK’s top 1000 wealthiest individuals and families (or at least as appears from publicly available sources) indicates that 9 out of the top 10 entrants on the 2021 list have either foreign nationality or lives abroad (whilst maintaining significant business ties to the UK). Nonetheless, this assessment is far from systematic: the Rich List covers less than 0.002% of the UK’s population, and relies on the incomplete information available in the public domain. How ‘deep’ down the income and wealth distributions do these global ties go? To what extent and in what respects is there a broader transnational dimension to UK’s economic elite?

We take up the challenge of using administrative data to address analytical questions of key importance in the social sciences (Savage and Burrows 2007). These data sources can offer a comprehensive and systematic knowledge of certain phenomena because they cover ‘whole populations’ and can be a more robust evidence base than sample surveys. This is a particularly important issue with respect to studies of inequality where it is amply attested that high earners are under-represented in even ‘gold-standard’ nationally representative sample surveys (Piketty, 2014; Jenkins, 2016; Anand and Segal, 2015; Jenkins, 2016; Alvaredo et al., 2018a; Atkinson and Jenkins, 2020). As well as providing more granular and comprehensive accounts of the distribution of economic inequality, taxation data has also allowed the decomposition of different sources of income, revealing for example the relative shares of income from labour and capital.

Sociologists sometimes claim that administrative data lacks key variables of sociological interest (see in general, Goldthorpe, 2016). However, this is a contingent matter, and for our purposes, the UK tax rules applicable to individuals with ‘non-domiciled’ status provide us with a unique window into international ties. We can also link this to detailed information on incomes and certain demographic features. In this paper we leverage tax data on every individual living in the UK who claimed non-dom status over the past two decades to break new ground on the crucial issue of inequality and international flows.

3: The ‘non-dom’ phenomenon in the UK

In legal terms, a ‘non-dom’³ refers to a person who is *not domiciled* in the UK. Domicile plays a role in various legal contexts,⁴ although its most controversial application is in the realm of tax, where claiming non-dom status can confer significant tax advantages. In particular, whereas most UK residents are required to pay UK tax on their *worldwide* income and capital gains, a person who is

³ Or more formally: ‘foreign domiciliary’.

⁴ Including the law of succession, family law, and disputes over jurisdiction.

resident but not domiciled in the UK (a 'non-dom') is entitled to claim the remittance basis of taxation, whereby they only pay tax on their foreign income and gains if these are remitted to the UK. Additionally, whereas individuals domiciled in the UK are liable to pay Inheritance Tax on their worldwide wealth, for non-doms their foreign assets are exempt.

The remittance basis of taxation available to non-doms has its origins in British imperial history, dating to the introduction of Britain's first income tax by Prime Minister William Pitt in the late 18th century. As Avery-Jones (2004) notes:

"In Pitt's time, most foreign trade was with the colonies. The dearth of any markets abroad coupled with rules requiring important colonial produce to be shipped to England in the first place meant that the remittance basis, so far as trading income was concerned (and there was probably little other foreign income), was essentially a basis that charged tax when the produce was sold, necessarily in England." (Avery Jones, 2004: 2)

In accordance with Pistor's (2019) observations regarding the distinctiveness of British legal instruments, Avery-Jones (2004) notes that 'mainland European countries had no need for the remittance basis as they exempted foreign income. Accordingly, it seems that Britain's use of the remittance basis was unique although no doubt it is still to be found in countries which based their tax system on ours.' In 1914, when Lloyd George finally removed the remittance basis (on foreign investment income) for most UK residents, he expressly preserved it for 'the citizen of the empire, who is not domiciled in this country', making explicit the link between non-dom status and Britain's status as an imperial power.

The criteria for determining where a person is domiciled have been built up over centuries of judicial decisions – there is no statutory definition. In broad terms, a person's domicile is the place that they consider to be their permanent home. A person cannot be without a domicile or have more than one domicile at once. Everyone is born with a domicile, known as their 'domicile of origin'. Remarkably, even today, the law maintains that this is determined by the *father's* domicile at the time when the child was born, *unless* the child is born outside marriage, in which case it may be the mother's domicile. Non-dom status can therefore be 'inherited': a point to which we will return in reflecting on some well-known non-doms whose status is a matter of public record.

The domicile that a person was born with will persist unless (aged 16 or over)⁵ they acquire a new 'domicile of choice'. The legal test is whether the person has voluntarily become resident in a new country with "an intention of continuing to reside there for an unlimited time."⁶ Another way of putting this is "whether he intends to make his home in the new country until the end of his days".⁷ Accordingly, individuals arriving to live in the UK from abroad will often be entitled to claim non-dom status on the basis that they have *not* yet acquired a domicile of choice in the UK. Similarly – although more controversially – some people who have only ever lived in the UK but whose father was

⁵ Until 16, a person's domicile continues to track that of their father (or occasionally mother), such that if the parent's domicile changes, so does the child's.

⁶ *Re Fuld's Estate (No 3)* [1968] P 675 (Scarman J).

⁷ *IRC v Bullock* [1976] 1 WLR 1178, 1185 (Buckley LJ).

domiciled abroad, may seek to claim non-dom status on the basis that they still intend to move permanently to that foreign country in future.

HMRC, the UK tax authority, publishes a list of information that they might request when making an enquiry into an individual's domicile status.⁸ The list encompasses virtually everything about an individual's personal circumstances and lifestyle: essentially any fact that might indicate their connection (or lack of connection) to a particular place. This includes, for example: details of everywhere they have ever lived, their employment and business history and plans for the future; information about their partners and children, including details of where the children are being educated; a summary of memberships of clubs, professional associations, political parties, and other organisations, and so on. Other information relevant to domicile status includes the individual's "religious, cultural and social connections, including [...] the level of participation in social and cultural life, and ability to speak, read and write relevant languages."

This list makes clear that although the category of 'non-dom' serves an administrative function, its definition is of obvious sociological interest. More broadly, the non dom category has become an established part of British public discourse, in posing the question of whether non-doms operate outside nation-based conceptions of tax justice. Over the past two decades, a steady stream of revelations have caught the public's attention, including reports that several sitting members of the House of Lords were claiming non-dom status,⁹ along with the governor of the Bank of England¹⁰ and the Conservative candidate for Mayor of London.¹¹ Such controversies are not entirely new, though have intensified: in the 1970s, the Lonrho Affair led to revelations about how British corporate executives were misusing the remittance basis for employment income (now prohibited) – Conservative Prime Minister Edward Heath famously described this affair as 'the unpleasant and unacceptable face of capitalism'.

In this respect, the 'non-dom' label has become an icon of international privilege, a marker that some people who live in Britain are somehow able to operate outside the 'normal rules', and that this gives perks which are not generally available. It is often unclear whether specific individuals with global connections have *actually* claimed non-dom status for tax purposes, or indeed whether they are even tax resident in the UK. Instead, the label is based on stereotypes that are inevitably biased by high-profile examples. We will, for the first time, be able to provide a more measured account of the non-dom phenomenon using comprehensive data. Before turning to this, it is useful to identify four main stereotypes which circulate on the basis of high-profile vignettes, so that we can seek to test their actual prevalence in our data.

First, there are cases of wealthy foreign-born business owners and investors based in London. A longstanding example is Egyptian-born Mohammed Al-Fayed, who took up residence in the 1960s and

⁸ Available online:

<https://www.gov.uk/hmrc-internal-manuals/residence-domicile-and-remittance-basis/rdrm23080>.

⁹ Available online: <https://www.channel4.com/news/factcheck/how-many-non-dom-peers>.

¹⁰ Available online:

<https://www.thetimes.co.uk/article/governor-of-the-bank-of-england-is-a-non-dom-77qc352bc3s>.

¹¹ Available online: <https://www.standard.co.uk/news/mayor/zac-goldsmith-pledges-to-publish-tax-return-after-nondom-status-row-a3182521.html>.

subsequently came to own both the elite Harrods department store and London's oldest football club, Fulham FC. Al-Fayed's non-dom status is known as a result of legal proceedings in the early 2000s.¹² Today, the archetypal image is of Russian oligarchs. One example on the public record is Boris Berezovsky, a billionaire Russian businessman who was granted asylum in the UK following a dispute with Vladimir Putin. In legal proceedings against Roman Abramovich – the Russian owner of Chelsea FC – Berezovsky stated that he remained domiciled in Russia for tax purposes and intended to return when the political situation permitted him to do so.¹³ We will discuss in Section 6.A exactly which areas of the world non-doms have ties to.

Second, there are cases of highly paid corporate executives and financiers arriving from abroad to work in the City of London: the 'working rich'. One recent high-profile example is Canadian Mark Carney, the ex-Goldman Sachs banker and Governor of the Bank of Canada, who moved to the UK to take up the role of Governor of the Bank of England and subsequently acknowledged claiming non-dom status. The Times also reported that the chief executives of Lloyds Bank, Royal Bank of Scotland and AstraZeneca (the pharmaceutical firm) were also non-doms, although this was unconfirmed.¹⁴ Although more geographically dispersed within the UK, many sport stars and entertainers are also assumed to claim non-dom status, especially Premiership footballers, whose tax affairs have been subject to particular scrutiny.¹⁵ In Sections 5.B and 5.C, we quantify the share of non-doms who earn income from labour and study which industries they work in.

Third, there are cases of British elites who grew up in the UK but who possess hereditary ties to a foreign country enabling them to maintain – often in spite of appearances – that they intend that they are domiciled abroad.¹⁶ For example, in 2009, shortly before running to become Member of Parliament for Richmond in London, Zac Goldsmith admitted that he had retained the non-dom tax status inherited from his French-domiciled billionaire father, Sir James Goldsmith.¹⁷ Another documented case is The Right Honourable Clifton Hugh Lancelot de Verdon, the 6th Baron Wrottesley, who was educated at Eton and then attended military training at Sandhurst, but who resisted HMRC's assessment that he was UK-domiciled on the basis that he had retained his father's Irish domicile.¹⁸ Although such cases are highly controversial and hence publicised, it has until now been unclear how widespread they are: we address this in Section 5.A below.

Fourth, there are those who grew up in the UK but who have subsequently spent time living overseas and claim to have lost their UK domicile as a result.¹⁹ The best-known example on public record is

¹² In *Al Fayed v Advocate General for Scotland (representing the Inland Revenue)* [2004] ScotCS 278, it is recorded that Al Fayed was treated by the Inland Revenue as resident but not domiciled in the UK up to tax year 1999-2000.

¹³ *Berezovsky v Abramovich* [2012] EWHC 2463.

¹⁴ Available online: <https://www.thetimes.co.uk/article/governor-of-the-bank-of-england-is-a-non-dom-77qc352bc3s>.

¹⁵ Available online: <https://www.bbc.co.uk/sport/football/51698150>.

¹⁶ Here we should recall the origins of the non-dom clause as part of an agreement amongst the British colonial and aristocratic elite that they need not be taxed on their overseas income.

¹⁷ Available online: <https://www.theguardian.com/politics/2009/nov/29/zac-goldsmith-non-domiciled-tax>.

¹⁸ *Baron Wrottesley v HMRC* [2015] UKUT 0637 (TCC).

¹⁹ In legal terms, this category comprises individuals who were born in the UK with a UK domicile of origin but claim to have acquired a domicile of choice abroad prior to returning to the UK.

Stuart Gulliver, the British born chairman of HSBC Bank who returned to the UK after a period working in Hong Kong. Following an enquiry by HMRC into his domicile status, Gulliver claimed that Hong Kong remained the centre of his business and social life and that at the time of his return he had only intended to stay in the UK for two years in order to undertake a specific assignment in London.²⁰ Importantly, with effect from April 2017, individuals such as Gulliver who are UK-born with a UK domicile of origin are now 'deemed domiciled' in the UK upon their return so can no longer obtain the tax advantages of non-dom status whilst they remain resident. In Section 5.A we assess how prevalent this group are within the non-dom population as a whole.

These few vignettes illustrate the prominent roles that some high-profile non-doms play within British life, even whilst claiming that their permanent home is abroad. However, they also reflect considerable uncertainty about what the contemporary non-dom phenomenon entails. Do they empower the global footloose wealthy looking to park their assets in a safe haven, as the first set of vignettes suggest? Do they encourage the global 'working rich' to take on high profile jobs in the UK, as the second set of vignettes propose? Or, are they a traditional British upper crust mobilising their long term international and imperial links? Or, perhaps they are a mobile group of British executives with cosmopolitan experiences? We need to go beyond isolated examples to scrutinise these patterns more rigorously.

In this context, we should also be mindful of a further possibility, that was floated in 2007 by the Labour Chancellor of the Exchequer, Alistair Darling, in response to proposals by Conservative Party to impose a new levy on non-doms. Darling suggested that this Conservative proposal could 'discourage men and women – doctors and nurses, business-men and women – from coming into the country in the short term. Such men and women do pay tax on their earnings here, and do contribute to the country's wealth, and we do not want to turn them away'.²¹ In contrast to each of the four vignettes we have detected from high-profile cases, he argued that the 'popular myth' that non-doms were fantastically wealthy was overplayed and that the vast majority of them were 'simply middle class professionals who just happened to have ties to foreign countries'.²²

We are in a position to adjudicate between these contrasting and competing perspectives, and we now turn to this task.

4: Defining and measuring non-dom status

To identify non-doms living in the UK, we use administrative data collected from the universe of tax returns filed each year from 2001–2018.²³ Individuals who wish to claim non-dom status for tax purposes must self-report that they are not domiciled in the UK by ticking a box on their tax return.²⁴

²⁰ *Gulliver v HMRC* [2017] UKFTT 222.

²¹ HC Deb 9 October 2007, vol 464, col 171

²² Available online: <https://www.telegraph.co.uk/news/politics/labour/11523489/The-20-year-history-of-Labours-struggle-over-non-doms.html>.

²³ Tax years 2000-01 to 2017-18. Throughout this paper, we refer to the latter year for shorthand.

²⁴ An extract from the tax return is shown at Appendix D.

For those who are eligible, there is no cost to claiming non-dom status;²⁵ however, anyone who misreports their domicile status may face an enquiry from HMRC and potential tax penalties. When filing a tax return, individuals must also report whether they are tax resident or non-resident in the UK.²⁶ For the purposes of our study, we restrict our population to individuals who are UK-resident in the year of observation, because our interest is in those who live in the UK but also possess substantial connections abroad.

For every individual who filed a tax return, whether or not they claimed non-dom status in that year, we observe a detailed breakdown of their reported incomes. We use employer payroll records to provide additional income and industry information for individuals who did not file a tax return in the year of observation. We are thus able to compute the total reported income of everyone in our study population year by year, for so long as they remain resident in the UK.²⁷ The data also include information on age and gender, which we supplement with data on nationality collected from the tax return and (additionally) when migrants first apply for a National Insurance Number on arrival to the UK. Finally, we use the address given for tax filing purposes to identify where individuals live within the UK; we can observe these locations down to local neighbourhood (Output Area) level.

HMRC publishes annual statistics on the number of UK residents who claimed non-dom status in each year since 2009. We refer to these individuals as ‘current’ non-doms, meaning that they were currently claiming non-dom status in the year of observation. In Figure 1, we replicate and extend HMRC’s statistics on current non-doms. Our results almost exactly match HMRC’s, which is unsurprising since we use the same underlying data source.²⁸ In 2018, we identify around 5,000 more non-doms than HMRC. This is because HMRC’s statistics exclude those who became ‘deemed domiciled’ as a result of reforms that took effect from April 2017, but who continued to assert non-dom status on their tax return. For the purposes of our study, which uses non-dom status as a proxy for having substantial connections abroad, we include these individuals despite their ‘deemed dom’ status.

Our analysis extends over a longer time period than previously published by HMRC. Going back to 2001 enables us to see how the size of the current non-dom population has evolved over almost the past two decades. The number of UK residents who claimed non-dom status in any single year ranges between 70,000 and 97,000 over this period. While the total size of this group is small relative to the full UK population, representing only 0.1–0.2% of UK adults, it is still substantial in absolute numbers

²⁵ Since 2008, if a person who is claiming non-dom status additionally wishes to claim the remittance basis of taxation, they will forfeit their UK personal allowances for income tax and capital gains tax, and if they are a long-term resident then they may also have to pay a fixed sum: see further Appendix C.

²⁶ Broadly, a person’s residence status depends on the number of days that they spend in the UK, combined with a series of ‘ties’ based on their work, accommodation and family arrangements and number of previous years of residence. The more ‘ties’ an individual has to the UK, the fewer number of days they can spend in the UK before becoming tax resident. See further: <https://www.gov.uk/government/publications/rdr3-statutory-residence-test-srt>.

²⁷ As we explain in Section 5.A, we do not observe sources of income that are exempt from UK income tax, in particular any unremitted foreign income arising to non-doms who claimed the remittance basis in the year of observation, since these sums are not reported to HMRC.

²⁸ The small discrepancy in totals over the period 2009–2017 is primarily attributable to differences in timing of the relevant data extracts.

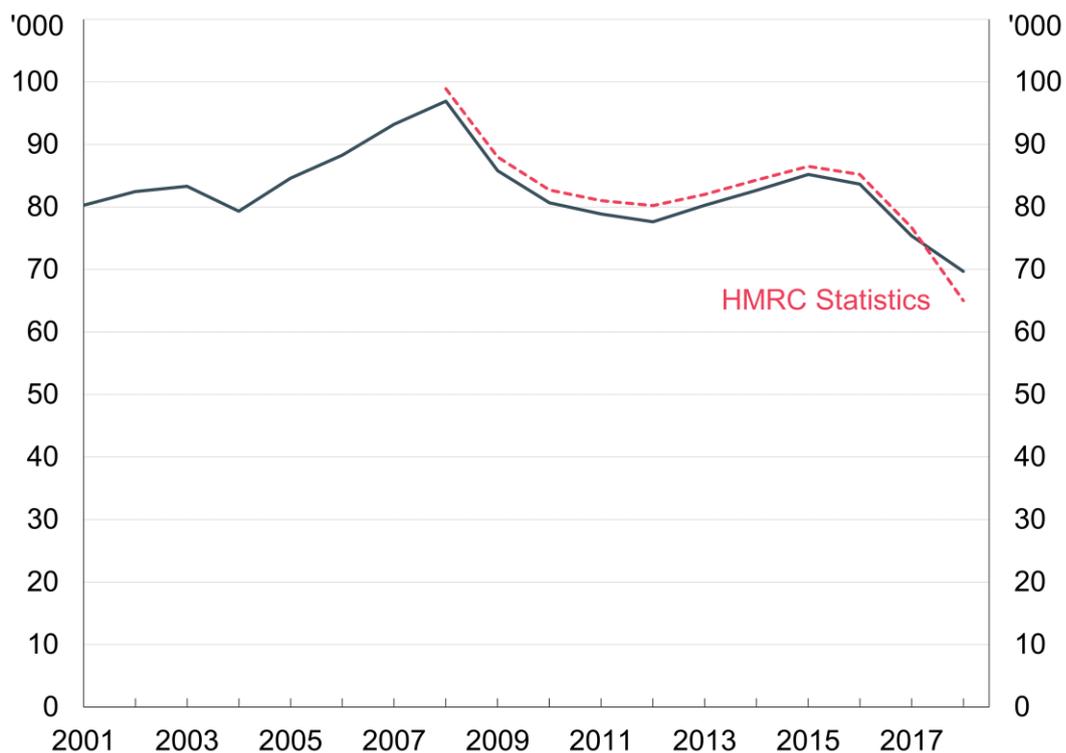
(equivalent to the capacity of a large football stadium, or population of a small town) and, as we will show, members of this group are very highly concentrated among the economic elite.

The time series of current non-doms displays what appears to be a key turning point in 2009, when the population declines sharply following its peak in 2008. It is natural to think that this trend may be associated with the 2008 Financial Crisis which was a major shock to the UK economy, especially within finance where (as we will show in Section 5.C) many non-doms work. However, 2009 was also the first year following major reforms to the non-dom tax regime, which made it less advantageous for some individuals to claim non-dom status for tax purposes. Without additional analysis, it is not possible to disentangle the effects of these two events on the net change in current non-dom population.

This exemplifies a key drawback of relying on current non-dom status for the purposes of our study: if an individual chooses no longer to claim non-dom status, or cycles in and out of claiming non-dom status from year to year, they will fall out of the measured population even if they remain living (and paying tax) in the UK. We cannot therefore interpret changes in the size of the *current* non-dom population as changes in flows of people in and out of the UK, because these changes could instead be due to fluctuations in individuals' propensity to claim non-dom status, even whilst remaining in the UK. Given that several reforms to the non-dom regime have occurred over the period covered by our data,²⁹ which could have affected incentives to claim non-dom status on a year-to-year basis, extreme caution is required when interpreting trends based on current non-doms alone.

²⁹ For a summary of the major reforms, see Appendix C.

Figure 1: Total number of *current* non-doms each year, 2001–2018



Notes: ‘Current non-doms’ are defined as individuals who are UK tax resident and claimed non-domiciled tax status on their tax return in the year of observation.

Source: Authors’ calculations based on HMRC administrative datasets; HMRC Official Statistics on non-domiciled taxpayers in the UK.

We therefore broaden our definition of ‘non-dom’ to additionally include all individuals who are resident in the UK in the year of observation and have claimed or will claim resident non-dom status at some point in the period 1997–2018, even though they are not claiming non-dom status currently (*‘ex/future non-doms’*).³⁰ Together with the current non-doms, we refer to this group as ‘*ever non-doms*’. By basing our study population on ever non-doms, we are able to see through year-to-year changes in individuals’ propensity to claim non-dom status and instead focus on changes in the underlying population of individuals who remain living in the UK whilst maintaining substantial connections abroad. For our purposes, which aim to bring out the sociological rather than strictly legal or economic dimensions of non-dom status, this definition is more appropriate than focusing exclusively on those who choose currently to claim non-dom status each year.³¹

Figure 2 shows the total number of ever non-doms from 2001 to 2018, being the sum of current non-doms (as shown in Figure 1) plus all ex/future non-doms who are UK resident each year. In 2018, the

³⁰ Specifically, the conditions for ‘ever non-dom’ status in a given tax year are: (1) resident in that tax year, and; (2) resident non-dom in any year between 1997 and 2018.

³¹ To be clear, since an individual can only obtain an income tax or capital gains tax advantage from non-dom status in the year(s) in which they claim non-dom status, many of those who we define as ever non-dom will not have obtained any tax advantage in the year observation (although, by construction, they must have done so in the past or future). Our definition is therefore not suitable for drawing conclusions about the scope and extent of the tax advantages conferred by the non-dom regime in a given year.

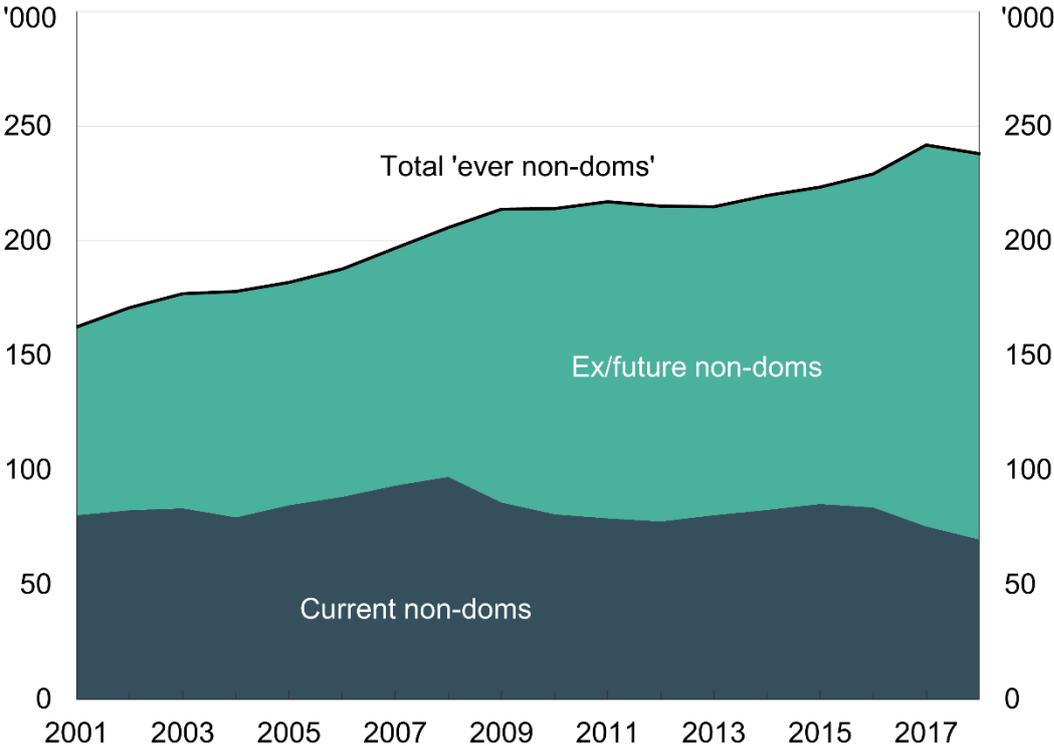
total size of the ever non-dom population (238,000) was around 3.4 times larger than that of current non-doms alone (70,000). In other words, for every two people currently claiming non-dom status in 2018, there were a further five people who claimed non-dom status in the past and remain resident in the UK.³² Over the entire period covered by our data (2001–2018) there are a total of 490,000 unique individuals who claimed non-dom status while being UK resident at some point, although not all of these ever non-doms were living in the UK in the same year. For a sense of magnitude, this total is roughly equivalent to 1% of all UK adults, or the population of Manchester.

Unlike for current non-doms, there is no dip in the ever non-dom population in the period following the 2008 Financial Crisis; instead, the number of ever non-doms who are resident in the UK continues to grow in 2009, and after plateauing in 2010–2013 resumes steady growth up to 2017. This indicates that the sharp drops evident in official HMRC statistics for the current non-dom population during 2009–2012 and 2016–2017 have more to do with individuals ceasing to claim non-dom status rather than leaving (or not arriving in) the UK. By contrast, the decline in the ever non-dom population in 2018 – which is the first substantial drop observed over the entire period – could indicate a net outflow of globally-connected individuals following the major reforms to non-dom tax rules in 2017.³³ However, we must be somewhat cautious before adopting this interpretation, given that a quasi-mechanical decline in ever non-doms is to be expected in the final year of our data given that (unlike earlier years) we will miss ‘future non-doms’ who arrive in the UK but do not claim non-dom status immediately.

³² By construction, there are no ‘future’ non-doms in 2018 since this is the latest year in our data.

³³ If so, it would be useful to investigate to what extent any net outflow is attributable to emigration of individuals who had previously been UK resident, versus a reduced inflow of new migrants claiming non-dom status. We intend to explore this question in future research.

Figure 2: Total number of ever non-doms each year, 2001–2018



Notes: ‘Current non-doms’ are individuals who are UK tax resident and claimed non-domiciled tax status on their tax return in the year of observation. ‘Ex/future non-doms’ are individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018 *except* in the year of observation. ‘Ever non-doms’ is the sum of current non-doms and ex/future non-doms.
Source: Authors’ calculations based on HMRC administrative datasets.

It is likewise possible that Figure 2 understates the number of ever non-doms in the earliest years of our data due to missing information for individuals who previously claimed non-dom status but permanently stopped claiming prior to 1997 (despite remaining resident in the UK). However, for several reasons, this measurement error is likely to be small. First, we utilise data on non-dom claims back to 1997, which allows us to capture individuals who recently stopped claiming non-dom status prior to 2001. Second, until 2009 there was no cost to claiming the remittance basis;³⁴ consequently, individuals who had claimed non-dom status in the past had little incentive to stop doing so. Third, the percentage rise in ever non-doms that we observe over 2001–2018 closely mirrors the rising share of migrants within the top 1% over the same period, documented by Advani et al. (2020). We can therefore be confident that we measure ever non-doms reasonably comprehensively and that the observed rise in this population reflects a real increase in the number of globally-connected individuals living in the UK over this period.

Having explained our focus on ‘ever non-doms’ and documented the growth of this population over the past two decades, we now turn to examine the makeup of this group.³⁵

³⁴ Moreover, in the early 2000s HMRC rarely challenged assertions that an individual had not acquired a UK domicile of choice despite long-term residence: for example, in *Al Fayed v Advocate General for Scotland* [2004] ScotCS 278, HMRC accepted that Mohammed Al Fayed had still not acquired a UK domicile of choice by the year 2000, despite having lived in the UK since the early 1960s.

³⁵ In the following sections, all references to ‘non-doms’ are to ‘ever non-doms’, unless otherwise indicated.

5: Who are the non-doms?

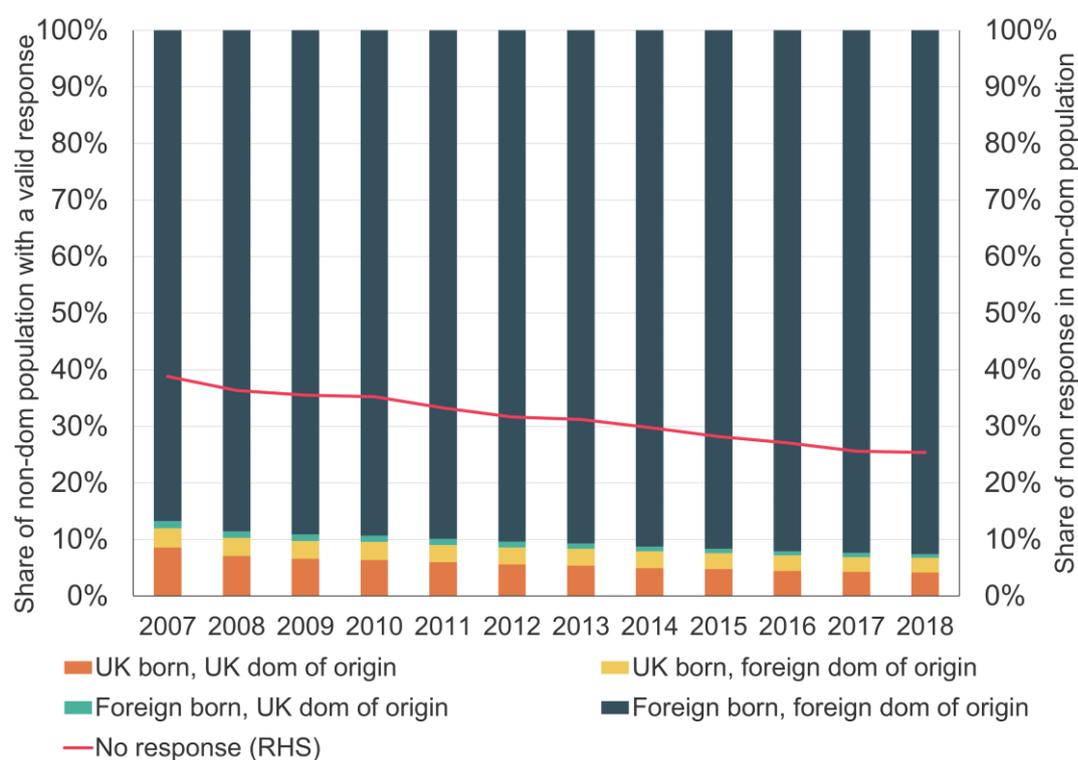
A: Are non-doms a global economic elite?

We are now in a position to reflect on what kind of transnational population non-doms actually are, so that we can reflect on which of the various media framings apply, and which are most in evidence. More particularly we can begin to assess whether non-doms can be construed as some kind of global elite, whether they are a revived British elite class, or whether they are more likely to be middle class professionals, as Alistair Darling claimed in 2007. Through this means, we can begin to make the sociological analysis of the global elite more concrete.

We address this question by looking at two key indicators, concerning the global connections and economic power of the individuals in our data. First, since 2007, anyone who claims non-dom status on their tax return is also required to report whether or not they were born outside the UK, and whether they were born with a foreign domicile of origin (i.e. to a foreign domiciled parent).³⁶ Focusing on those with a valid response, Figure 3 shows that in 2018, 93% of those who we classify as non-doms were born abroad; almost all of these individuals were also born to a foreign-domiciled parent. A small minority (7%) of non-doms were born in the UK; most of these (4% of all non-doms) also had a UK domicile of origin. The only plausible basis on which someone could claim non-dom status despite having a UK domicile of origin is if they had spent a substantial period of time living abroad (and therefore claims to have acquired a domicile of choice there). Consequently, we can be confident that in total 97% of those who we classify as non-doms in 2018 were either born abroad (typically to a foreign domiciled parent) or have lived abroad for a substantial period. This share has remained constant over the period 2007–2018, although over the period the share of those born abroad rose slightly from 88% to 93%. It is clear, then, that non-doms are globally connected individuals, whether by birth or lived experience.

³⁶ We define foreign connection for each non-dom by pooling all years in the data and taking the most frequent value reported across all observed tax returns for that individual. This ensures consistency over time and reduces measurement error.

Figure 3: Foreign connection of non-doms, 2007–2018



Notes: Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Birth and domicile of origin information collected from tax form SA109 (available since 2007). Foreign connection is defined by taking the most frequent value reported in the data for each individual. Non-doms for whom we never see a valid response are excluded from the stacked bar, and their share is shown by the red line. The high and declining level of non-response is attributable to individuals who only claimed non-dom status prior to the introduction of the requirement to report birth and domicile of origin information in 2007.

Source: Authors’ calculations based on HMRC administrative datasets.

Second, we study the association between being a non-dom and having a high income. Figure 4a shows that, even though there may be many middle class non-doms, as Alistair Darling claimed, the phenomenon is massively disproportionately skewed towards UK high earners. In 2018, less than 0.1% of those earning less than £100k claim non-dom status, rising to 15% for those earning between £1m and £2m per year, and to a remarkable 30% of those earning £5m or more. It is important to emphasise that these statistics are based on reported income only and so surely underestimate total income, given that a key benefit of non-dom status (for individuals claiming the remittance basis) is that they are not required to report or pay tax on most of their foreign-source income (unless it is remitted to the UK).³⁷ It follows that the shares we observe – whilst already strikingly high – in fact represent a lower bound on the percentage of non-doms at the top of the income distribution. This is prima facie evidence that the non-dom phenomenon is an important feature of top-end inequality within the UK.

³⁷ An exception is unremitted foreign-source earnings (i.e. income from work), which are required to be reported to HMRC even though they are not taxable in the UK. In Figure 4, we add these earnings to individuals’ taxable income, finding that they further increase the share of non-doms observed at the top of the income distribution, although only by a few percentage points.

Figure 4a also shows that when we take into account those who have claimed non-dom status in the past, but currently do not, the proportions rise higher to around 41% of those who earn over £5m per year. These very high-earning ‘ex non-doms’ may be due to HMRC exercising greater scrutiny over claims to non-dom status, or that over time these high earners admit to having acquired a UK domicile of choice, or (less likely) that over time they ‘domesticate’ their international assets to the UK so that there is no longer an advantage to claiming non-dom status.³⁸ Regardless of which explanation dominates, the UK clearly functions as a centre for high earners facilitated in some way by the non-dom tax regime.

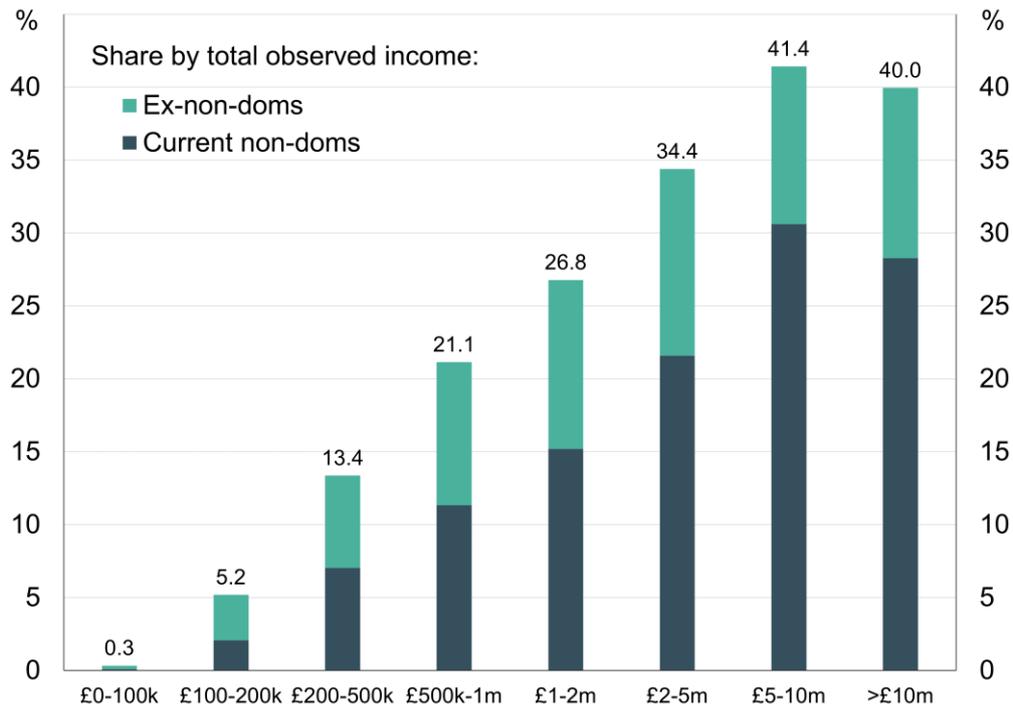
Figure 4b breaks down how the importance of the non-dom clause for high earners is a function of two factors in combination. First, as Advani et al. (2020) have shown elsewhere, the share of migrants increases with income. Around 30% of those with income of £500k–£1m are migrants, rising to about 40% of those with income above £2m. Since migrants find it relatively easier than UK natives to (plausibly) claim that their permanent home is abroad, the increased share of migrants at the top means that the upper echelons of the income distribution contain more individuals who would be eligible to claim non-dom status. Second, and more significantly, we find that amongst migrants, the propensity of claiming non-dom status also rises with income from 23% of those between £100k and £200k to a staggering 84% for those above £5m, when considering both current and ex non-doms. In other words, it appears that migrants towards the top of the (reported) income distribution are more likely to ‘make use of’ non-dom status than those lower down. These two factors combine to explain the rising shares that we observe in Figure 4a.

Taken together the findings in this subsection highlight the value of the non-doms as a window on to the global economic elite, given their international ties (explored further in Section 6.A) and their extremely high incomes. We next explore the source of those incomes, first in terms of the activities through which they are received, and then the industries which are the basis for those incomes.

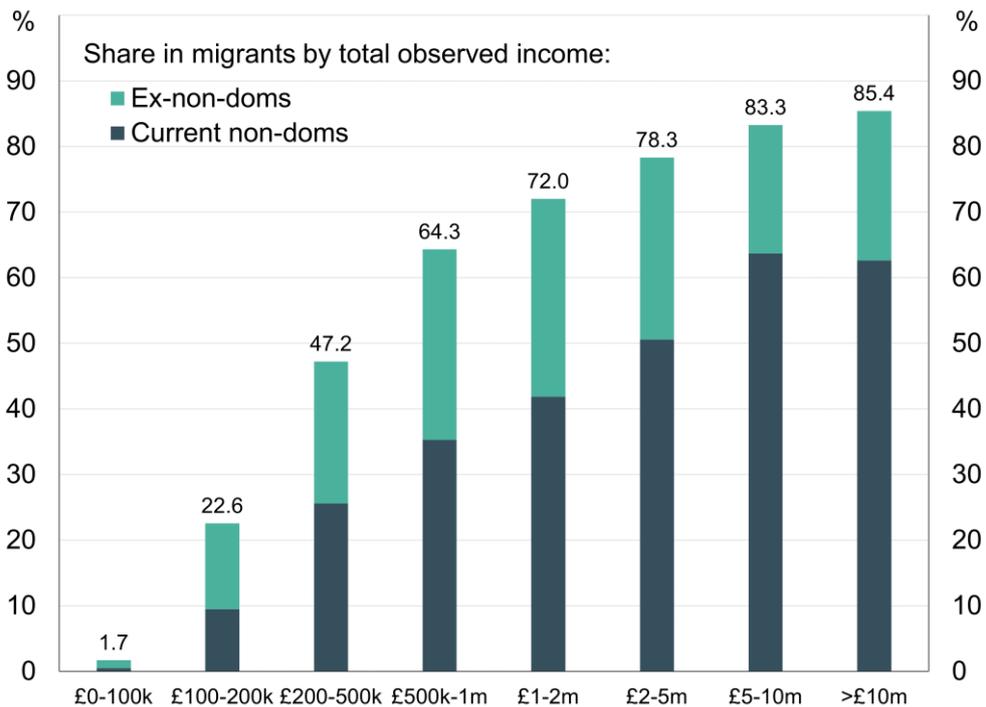
³⁸ In contrast to current non-doms, we observe the full worldwide income of ex non-doms in the tax data since they are not currently claiming the remittance basis. As this affects where we should expect to find ever non-doms in the income distribution relative to current non-doms, this may also explain the strong presence of high-earning ex non-doms.

Figure 4: Share of non-doms at different levels of total observed income, 2018

(a) Amongst the entire taxpayer population



(b) Amongst migrant taxpayers



Notes: Current non-doms are defined as individuals who claimed resident non-domiciled status in 2018. Ex non-doms are defined as individuals who are tax resident in 2018 and who claimed resident non-domiciled tax status in at least one year during the period 1997–2017, but not in 2018. Migrants identified according to combination of HMRC administrative records and National Insurance number (see Advani et al., 2020 for details). Income bands defined with reference to total reported income.

Source: Authors' calculations based on HMRC administrative datasets.

B: Are non-doms workers or rentiers?

The popular perception of UK global economic elites, and of non-doms in particular, is of Russian and Middle Eastern oligarchs with vast wealth, living off their capital (or income from capital) in the UK. Is this perception borne out by the data?

We are able to identify each individual's largest reported income source out of the following list: employment income; self-employment trading profits; partnership trading profits; income from state and private pensions; and investment income (e.g. interest, rent, dividends). Where an individual's single largest income-source is dividends and they also report being a director of a closely-held company, we reallocate them to a distinct sixth category of business 'owner-manager'. We can also identify individuals who filed a tax return but reported precisely zero taxable income which is a likely marker that they rely on unremitted foreign investment income or gains, which they are not required to report if claiming the remittance basis.³⁹ The sum of 'investors' plus 'no income' gives us decent proxy for those who we could think of as 'rentiers'.⁴⁰

Figure 5 shows that around 80% of non-doms have earnings from some kind of work (or pension income) as their main source of income. Hence while the non-dom population are clearly an economic elite, for the most part they appear to be engaged in substantial paid work in the UK, rather than being passive rentiers. On the other hand, a significant minority of non-doms do appear to be the 'rentier rich': around 20% receive either no reported income in the UK (although they may have income abroad) or receive most of their UK income from investments. At nearly 50,000 individuals, this population is certainly large enough in absolute terms to fuel the common stereotype.

C: Which industries do non-doms work in?

Recognising that the majority of non-doms are working in some form, we next examine the specific industrial sectors in which they work. Figure 6 decomposes these industries into three major categories (finance and insurance; professional, scientific and technical; and information and communication) as well as two catch-all categories for working in the production of goods or of services. Within each of these, it breaks out the major subcategories.

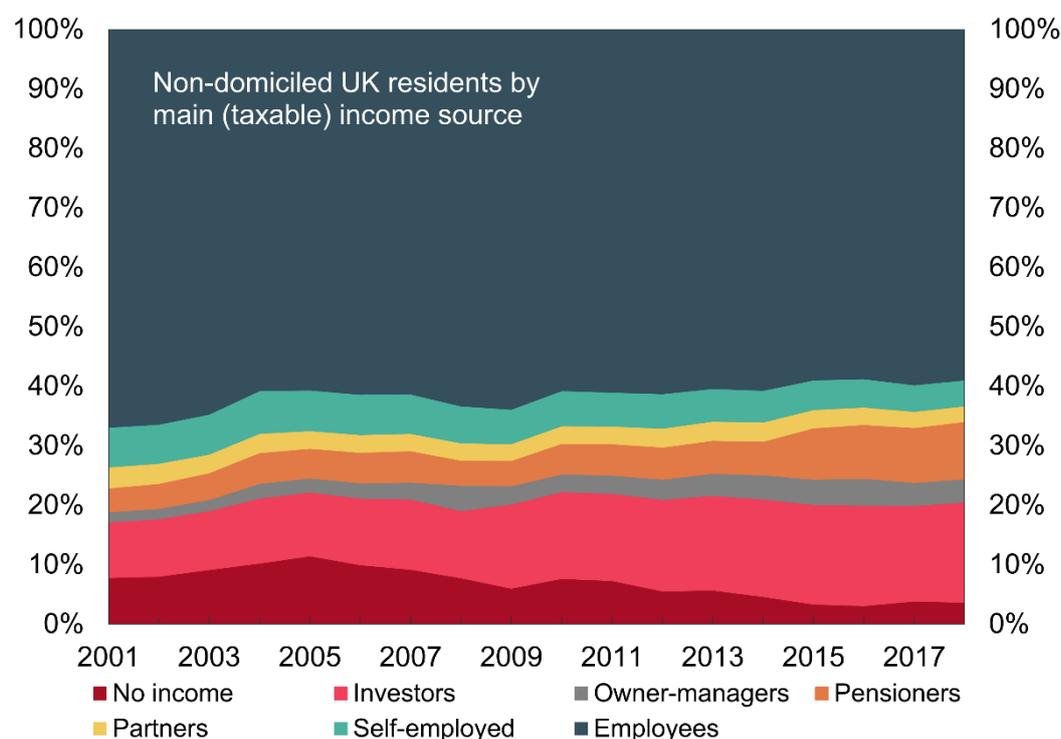
Unsurprisingly given the well-known role of finance in underpinning top incomes in the UK, this shows a concentration towards those working in finance and insurance. Of 157,000 non-doms for whom we have industry information, 37,000 (23%) work in finance. Almost as many are in professional, scientific and technical jobs—in particular management consultancy and accountancy.

³⁹ Filing with zero income likely means either the individuals received no taxable income but did report taxable capital gains; or they filed a tax return in order to assert their claim for non-dom status (specifically to claim the remittance basis). In the latter case, although the individual may have no *taxable* income, it could still be the case that they have significant unremitted foreign income that comes from wealth.

⁴⁰ All of the other categories indicate that the individual receives most of their *observed* income from work. We cannot rule out that these individuals have significant additional income from capital that is sheltered by the remittance basis. However even if this is the case, they are not pure rentiers as they are clearly earning some income from work as well.

To some, it may appear striking that non-doms are not *more* concentrated in ‘City’ jobs, particularly noting that a substantial share of non-doms appear to be working in industries such as mining, manufacturing, and retail. However, it is important to note that we observe industry rather than occupation. It is unlikely that the non-doms in mining are working ‘at the coalface’, and much more likely that they are in senior managerial roles more akin to their City financial counterparts. As we show in Section 6.B, there is also some geographic clustering within the UK of non-doms working in different industries.

Figure 5: Main income source of non-doms, 2001–2018



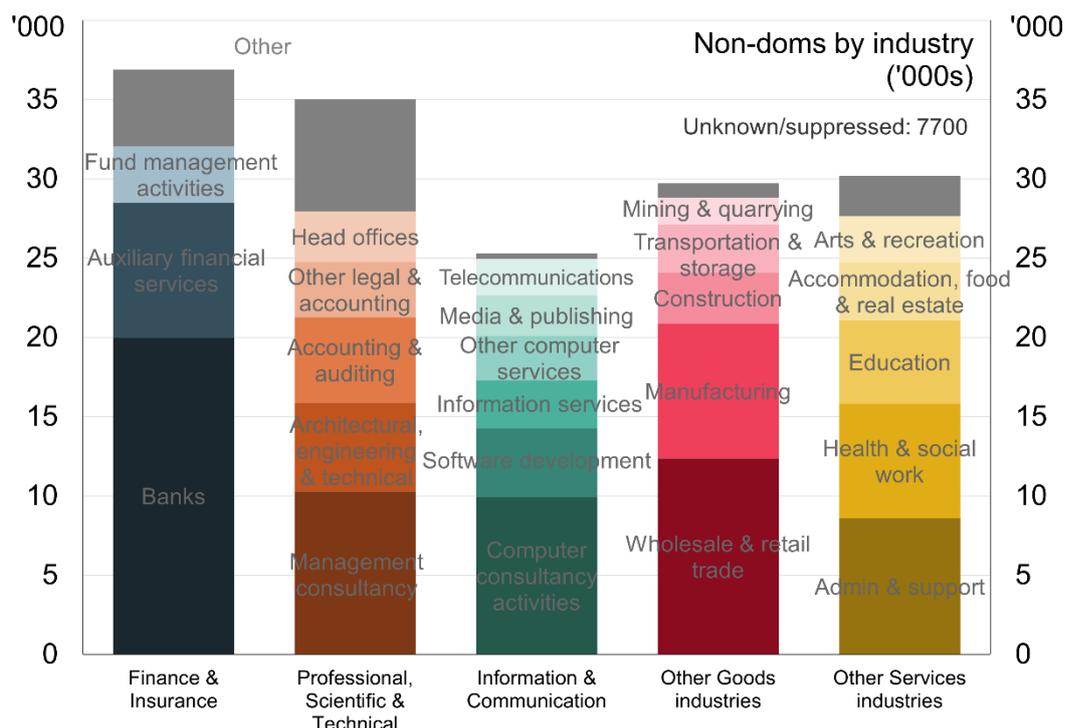
Notes: Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Main source of income is identified from largest income source across employment, self-employment, partnership, pension, and investment income. ‘Owner-managers’ are individuals whose largest income source is dividends and are also directors of closely held companies, which are defined in UK tax law as firms with five or fewer directors and/or shareholders. The ‘no income’ category includes individuals with no reported income but with capital gains.

Source: Authors’ calculations based on HMRC administrative datasets.

Further refined analysis (Table 1) examines how the income levels of non-doms compare with other top earners within their industrial sectors. We rank industries by their non-dom ‘dependency ratio’: the share of individuals in each industrial sector who are non-doms, among those in the top 1% by income.

As before, the importance of non-doms in finance is very clear, revealed by the large number and high mean incomes of non-doms working in security dealing (rank 4), financial management (rank 7), banks (rank 8), auxiliary financial intermediation (rank 11), fund management (rank 12), other financial intermediation (rank 14), and investment trusts (rank 18). In these industries, the share of top 1% earners who are non-doms varies between 15% and 25%; by comparison it is around 10% of all top 1% earners. As seen above, the raw number of non-doms across just these top 20 finance categories is also very large: at almost 21,000 individuals this is 9% of all non-doms (or 13% among non-doms for whom we have industry information).

Figure 6: Number of non-doms by industry, 2018



Notes: Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Industry classification based on the Standard Industrial Classification (SIC) 2007 version. Individuals report their employer, or (in the case of self-employment or partnership income) their business description on their tax return, and HMRC convert these fields to a SIC code. We assign individuals with multiple different sources (or multiple employers) to the SIC code associated with the single largest earned income source which has a non-missing SIC code. We do not assign any industry to individuals with investment or pension income as their single largest source (except in the case of owner-managers of closely-held companies), or to people with no employment income – these individuals (who number around 73,000) are excluded from this chart. ‘Other’ indicates other subcategories of broad industrial area within each column. Some individuals have no SIC information indicated on their tax return (‘unknown’); numbers of those in very small industries (according to number of non-doms) may have been ‘suppressed’ to prevent identification of disclosive information.

Source: Authors’ calculations based on HMRC administrative datasets.

However, there are more subtle processes here than simply the dominance of finance and banking. The largest dependency ratios are actually to be found in other sectors. Top of the list is oil refining (rank 1), where more than two out of five workers who are in the top 1% are non-doms, while one in four in car manufacturing (rank 2) and one in five of those in oil and natural gas extraction (ranks 6 and 9) are also non-doms. The categories of other professional activities (rank 3) and non-specialised wholesale (rank 5) are harder to define, but are certainly important, with a quarter of those in the top 1% being non-doms.

Of particular further note is the role of non-doms in sports clubs (rank 15) and film (rank 20). In both cases the actual number of non-doms is relatively small, but their mean income levels are exceptionally high, indicating that these are likely global sporting elites such as footballers in the former case (see also Section 6.B) and global film stars and directors. What is also striking is the absence of public sector professionals in health and education. Even though such sectors are significantly internationalised, and Figure 6 shows that there are substantial numbers of non-doms in ‘other service industries’, there is little evidence in these sectors that non-doms are concentrated amongst the highest paid.

Table 1: Industry dependency on non-doms, 2018

Rank	Industry	Number of non-doms	Mean income of non-doms (£)	Dependency ratio (%)
1	Mineral oil refining (19201)	529	489,949	43.8
2	Manufacture of motor vehicles (29100)	287	234,614	24.8
3	Other professional, scientific and technical activities n.e.c. (74909)	747	509,371	24.6
4	Security dealing on own account (64991)	757	724,467	24.5
5	Non-specialised wholesale trade (46900)	359	300,932	24.2
6	Support activities for petroleum and natural gas extraction (09100)	255	277,020	24.1
7	Financial management (70221)	877	555,001	23.3
8	Banks (64191)	11,707	535,951	21.8
9	Extraction of crude petroleum (06100)	659	338,011	21.3
10	Web portals (63120)	659	324,900	21.1
11	Activities auxiliary to financial intermediation n.e.c. (66190)	4,006	1,071,423	19.8
12	Fund management activities (66300)	2,570	728,953	18.2
13	News agency activities (63910)	248	210,630	17.8
14	Financial intermediation not elsewhere classified (64999)	543	510,162	17.8
15	Activities of sport clubs (93120)	579	1,888,293	17.5
16	Other business support service activities n.e.c. (82990)	1,913	413,310	17.2
17	Activities of head offices (70100)	1,674	495,920	17.2
18	Activities of investment trusts (64301)	202	573,400	16.8
19	Wholesale of electronic and telecommunications equipment and parts (46520)	168	216,535	15.6
20	Motion picture distribution activities (59131)	199	2,041,233	15.0

Notes: Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Income defined with reference to total (reported) income. Dependency ratio defined as the share of non-doms in the industry who are in the top 1% by income, divided by the total number of individuals in the industry who are in the top 1%. Industry classification based on the Standard Industrial Classification (SIC) 2007 version. Individuals report their employer, or (in the case of self-employment or partnership income) their business description on their tax return, and HMRC convert these fields to a SIC code. We assign individuals with multiple different sources (or multiple employers) to the SIC code associated with the single largest earned income source which has a non-missing SIC code. We do not assign any industry to individuals with investment or pension income as their single largest source ('no industry'), except in the case of owner-managers of closely-held companies. Industries with fewer than 1,000 top 1% individuals have been removed to prevent identification of disclosive information.

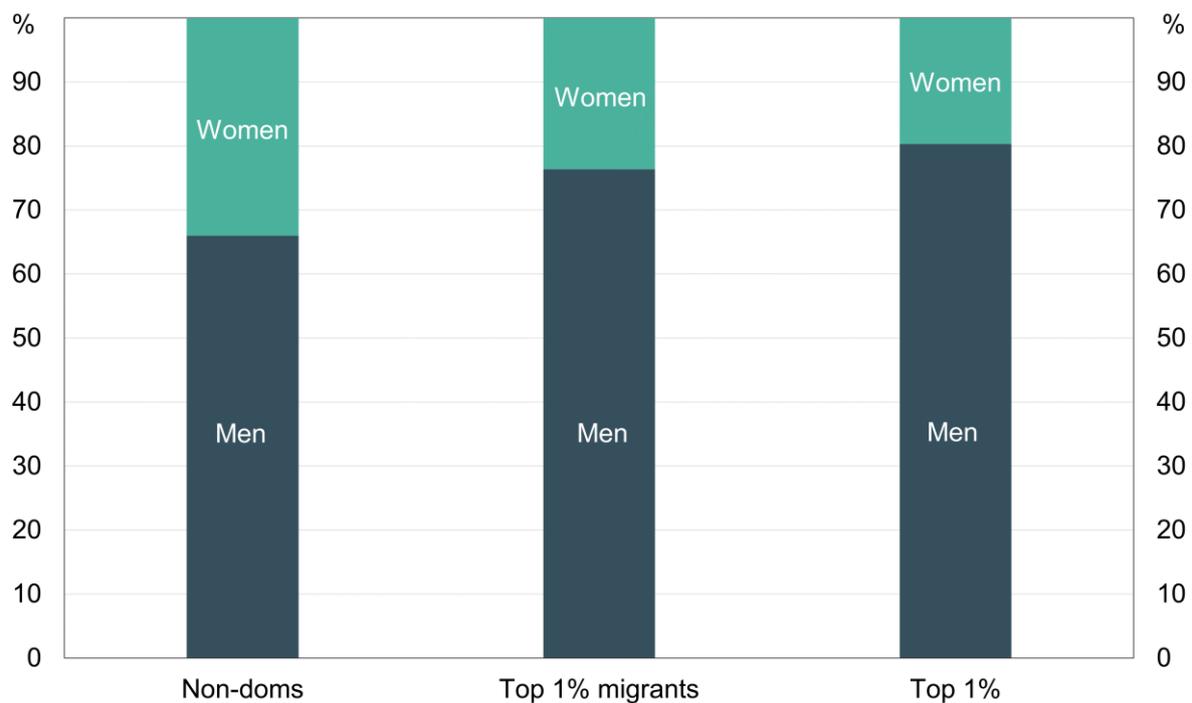
Source: Authors' calculations based on HMRC administrative datasets.

D: How do non-doms compare demographically to other economic elites?

Having assessed the economic profile of the non-doms, we turn to analyse their demographic characteristics in terms of gender and age.⁴¹ To provide a benchmark, we compare non-doms with individuals in the top 1% by income and also top 1% *migrants*.

Figure 7 shows the gender split for non-doms, as well as the two comparison groups, which shows that one in three non-doms is a woman. This is a much higher share than for individuals in the top 1%, where that ratio is only one in five, even though it remains well below the UK female population share of 51%. The difference in gender split between non-doms and the top 1% is partly explained by the higher female share in top-earning migrants relative to natives – almost one in four top 1% migrants is a woman – and the fact that migrants are more likely to claim non-dom status, as we have documented earlier.

Figure 7: Gender split of non-doms and other high-income groups, 2018



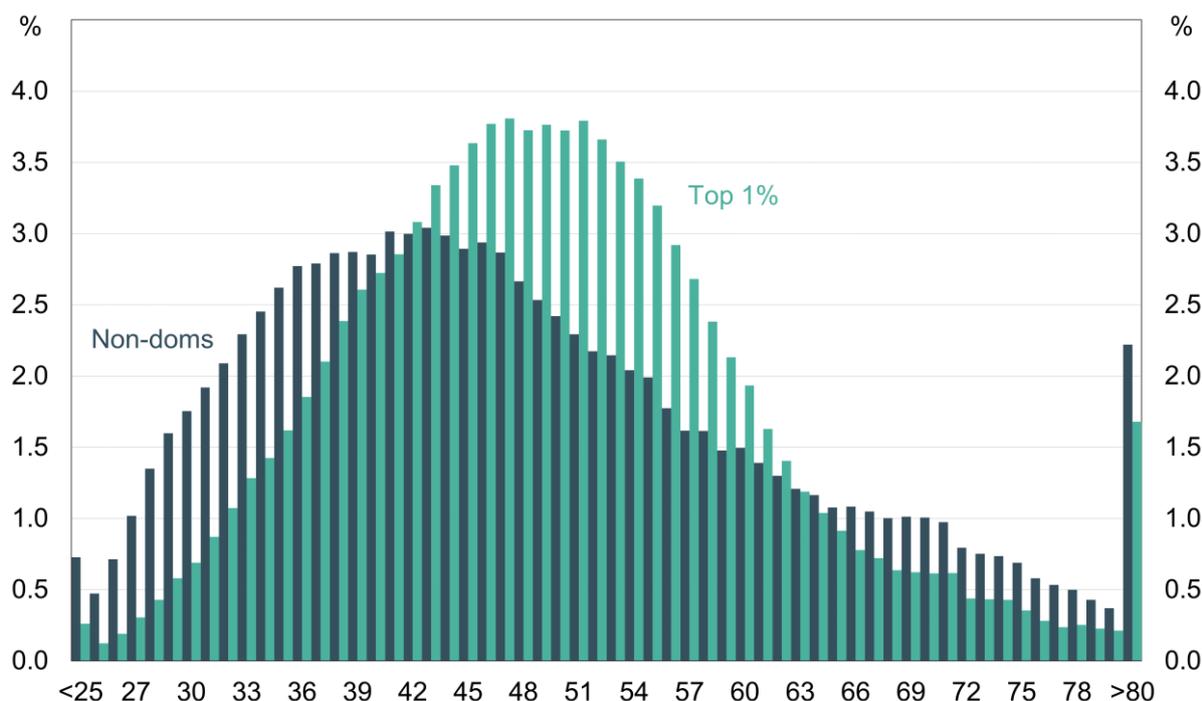
Notes: Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Gender is defined by taking the most frequent value reported in the data for each individual. Top 1% is defined by total (reported) income. Migrants identified according to combination of HMRC administrative records and National Insurance number (see Advani et al., 2020 for details).

Source: Authors' calculations based on HMRC administrative datasets.

⁴¹ No information on ethnicity is collected by HMRC so we cannot address this important demographic feature. When we come to explore the nature of the international ties that non-doms report in Section 6.A, we reflect on what inferences we can draw on this issue.

Comparing the age distribution of non-doms and top 1% earners in Figure 8, three things are immediately obvious. First, the peak of the distribution is younger for the non-doms than for the top 1% as a whole. Second, that peak is lower, indicating the much wider spread in ages among the non-doms. Third, the age distribution for the non-doms is much less symmetric, indicating that the bulk of non-doms are quite young, but that there is a long ‘tail’ of older non-doms.

Figure 8: Age distribution of non-doms and all top earners, 2018



Notes: Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Top 1% is defined by total (reported) income.

Source: Authors’ calculations based on HMRC administrative datasets.

The tail of older non-doms is largely explained by the presence of individuals who claimed non-dom status at some earlier point but are not claiming it in 2018, naturally increasing the presence of older age groups. This can be seen in Appendix Figure A1, which compares the age distribution of ever non-doms to current non-doms in 2018. There are far fewer older individuals among the current non-doms.

The relative youth of non-doms is much more surprising. 30% of non-doms are below the age of 40, compared to only 18% of top 1% earners. A partial explanation for this is that top 1% migrants are generally younger than natives (Advani et al., 2020), and migrants are more likely to claim non-dom status. This can be seen in Appendix Figure A2, which compares the age distribution of non-doms and top 1% *migrants*. However, even accounting for this, there are relatively more non-doms in their mid-thirties or younger.

These demographic patterns reinforce our argument that non-doms are not to be seen as some kind of historical throwback in which we would expect to find older men being disproportionately over-represented amongst their ranks. In fact, non-dom tax status is commonly used by younger people, and by women.

6: Non-dom geography: from the international to the local scale

A: Global ties

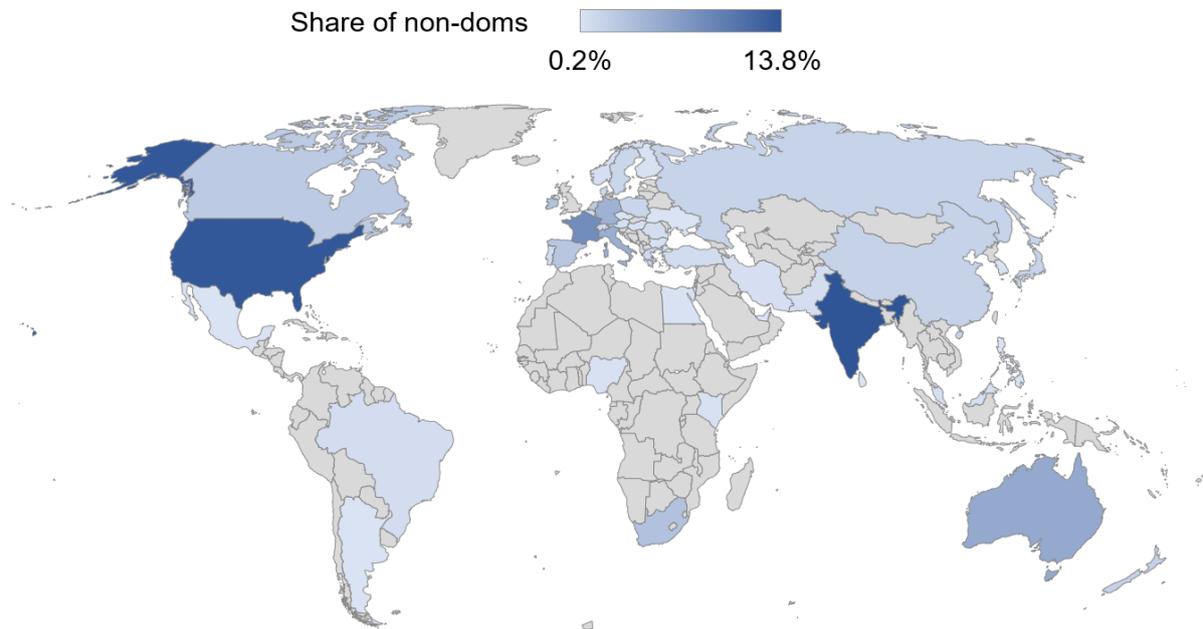
We now turn to consider the specific geography of non-doms' international ties, which allows us to return to the issues we raised in the introduction about the possibility that renewed imperial connections underpin these dynamics. This allows us to be much more specific about who the UK's global economic elites actually are, rather than to use bland and amorphous categorizations such as Leslie Sklair's (1998; 2001) concept of a 'transnational capitalist class'. Sklair helpfully registered that elite power was associated with the global spread of transnational corporations that now spanned the capitalist globe and was not just rooted in specific national formations (see also, for related arguments, Kanter, 1995; Robinson, 2004). However, since he wrote there has been more interest in the 'regionality' of such global connections.

Figure 9a singles out the top 50 nations from which non-doms originate, displaying the share among all non-doms in 2018, while Figure 9b displays the change in that share since 2001. Most non-doms are from India, the US, Western Europe, especially France, and other English-speaking countries such as Australia, Canada, Ireland, New Zealand, and South Africa. This is evidence of a twin dominance of the 'Anglosphere' and continental Europe. For the most part, these key nodes are notable for their continuity. Most countries saw little change in their share among non-doms from 2001 to 2018. Eight nations (India, US, Australia, Ireland, South Africa, France, Germany, and Italy) are in the 'top ten' of nations to which non-doms claimed ties in both 2001 and 2018, with Japan and New Zealand slipping out and Canada and Spain entering the top ten during that period.

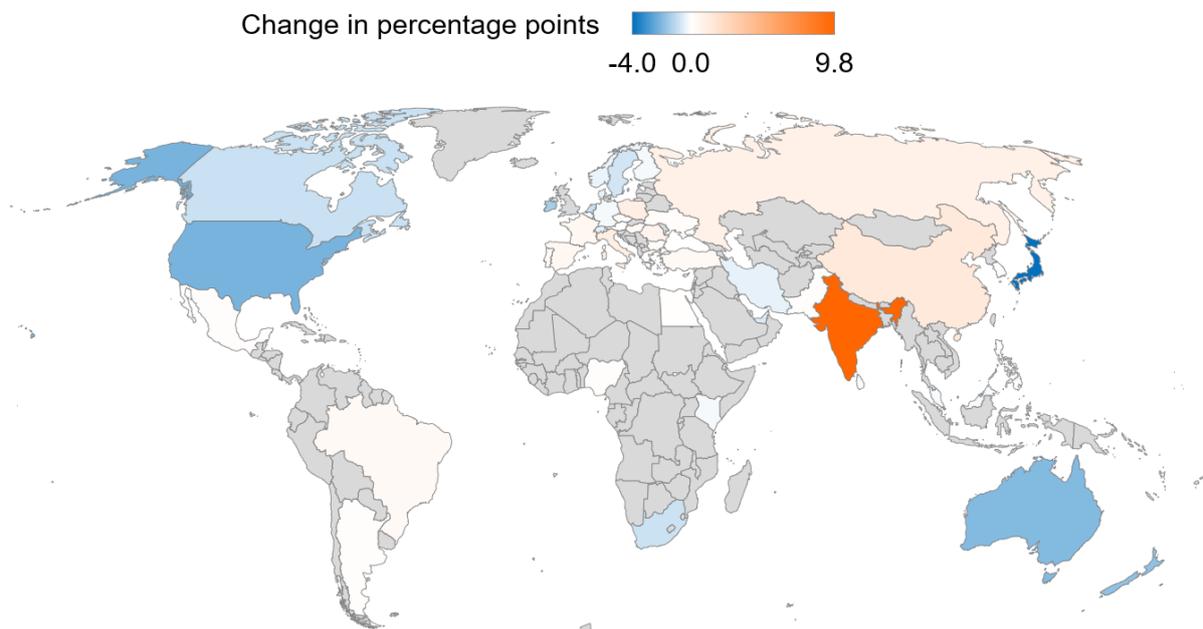
Amidst this general stability there are three noteworthy shifts. First, between 2001 and 2018, the share of non-British non-doms from Japan dropped from 5.8% to 1.8%. This decline is not only in relative terms as the overall non-dom population grew: underlying it is a fall in the actual number of Japanese non-doms, implying a net outflow from the UK. Second, two nations saw very rapid growth. In 2001, only around 4% of non-doms had Indian nationality, compared to almost 14% in 2018. The absolute rise in numbers from 3,200 to 22,700 is particularly striking. Similarly impressive growth rates can be observed for Chinese non-doms as there were only 400 in 2001, increasing to 3,100 by 2018. Thirdly, we see a gradual (relative) decline among the old Anglosphere British imperial nations, in particular the US, Australia, New Zealand, and Ireland but also Canada and South Africa. However, the overall share of these nations remains substantial, with all except New Zealand still represented within the top 10 nationalities in 2018.

Figure 9: Top 50 nationalities of non-doms

(a) Share among all non-doms, 2018



(b) Change in share of non-doms, 2001–2018



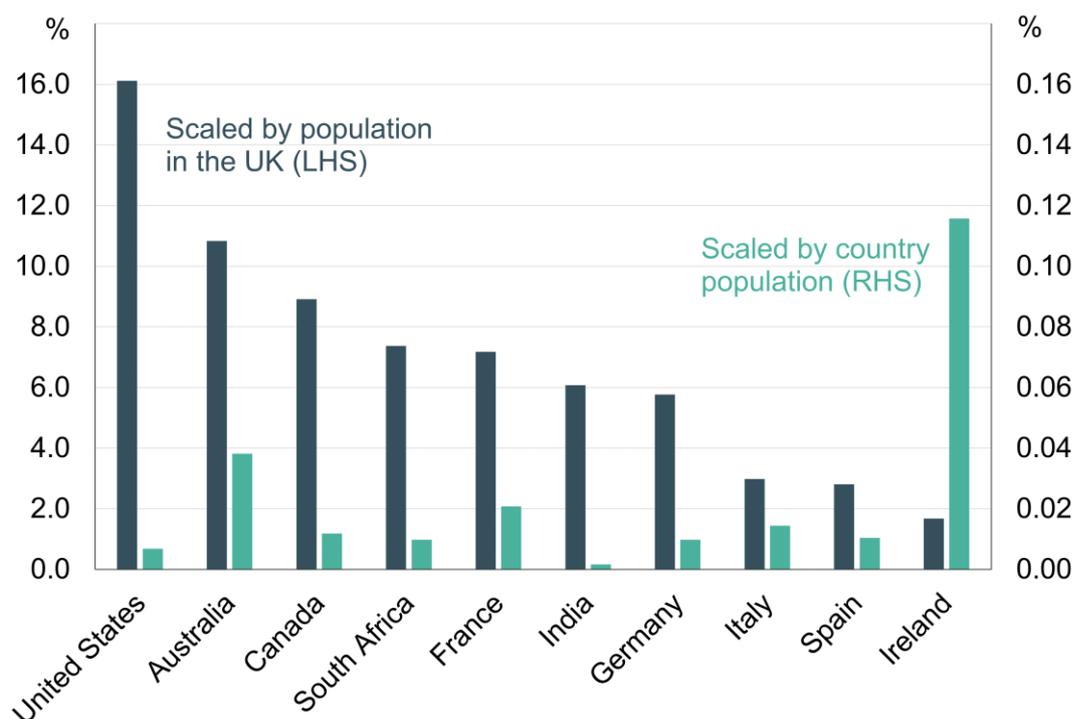
Notes: Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Nationality as reported in Migrant Worker Scan (administrative microdata on migrant workers), supplemented by information from tax form SA109. For individuals reporting both a UK and foreign nationality, we use the foreign nationality. Non-doms with UK or unknown nationality (who number around 73,000 out of 238,000 in 2018) are excluded. Table A1 in the Appendix reports the underlying data.

Source: Authors' calculations based on HMRC administrative datasets.

Figure 10 similarly shows the number of non-doms from the top ten countries in 2018, but this time controlling for the size of (a) their UK population and (b) their ‘home’ population. Looking at the country numbers normalised by their UK population (in dark blue), we see that migrants from the US have the highest propensity to claim non-dom status, with almost one in six US migrants having claimed at some point. There is also a lot of variation in the non-dom share across European countries, considering that 7% of all French migrants are non-doms, but only 3% of all Italians and Spaniards.

Considering the share of non-doms compared to the home population (in green), Figure 10 reveals the disproportionate number of non-doms with Irish and to a lesser extent Australian ties relative to their country populations. But the seemingly large number of Irish non-doms is offset by the large Irish migrant population in the UK. Irish migrants are in fact much less likely to claim non-dom status than any other migrant group in the top ten. Additionally, Figure 10 brings out the high proportions of non-doms that report other European nationalities, especially French. This is clear evidence that the non-dom phenomenon does not only draw on British imperial connections but is also part of the creation of broader exchanges within European society as a whole, endorsing the arguments of Neil Fligstein (2008) that some kind of European field has emerged which binds together different European nations – and that this is predominantly an elite affair.

Figure 10: Ratio of non-doms to UK and home country populations for top ten nationalities, 2018



Notes: Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Nationality as reported in Migrant Worker Scan (administrative microdata on migrant workers), supplemented by information from tax form SA109. For individuals reporting both a UK and foreign nationality, we use the foreign nationality. Scaled according to population of that nationality within the UK (y-axis on the left-hand side) and population in home country (y-axis on the right-hand side).
Source: Authors’ calculations based on HMRC administrative datasets; World Bank Total population; ONS Population of the UK by country of birth and nationality: individual country data, July 2017 to June 2018 edition.

To include all nations in our analysis, including those with small numbers which do not meet our disclosure threshold in isolation, we group countries into ten clusters, covering every country in the world.⁴² Because of their size and economic significance, we retain USA, Japan, India, and China as separate entities, and we recode European nations into two categories: the ‘old’ EU-6 countries (France, Germany, Italy, Belgium, Netherlands, Luxembourg) and ‘other European nations’, many of which are in Eastern and Southern Europe and which have only become EU members in the recent past. This distinction also maps on to the divide between more affluent and powerful European nations, compared to those which are less affluent (see e.g. Huguée et al., 2020).⁴³

We recode the ex-British empire into two categories: (i) a number of former ‘dominion’ nations with significant white populations and/or white settler influence (Ireland, Canada, Australia, New Zealand, and South Africa), and (ii) all other imperial nations in Africa, Asia (other than India, which is treated separately), Central America, and South America, where white settler populations are less numerous. The former group of nations has been labelled by the American businessman James Bennett as ‘The Anglosphere’, which he defines as

‘a network civilization without a corresponding political form, (which) has necessarily imprecise boundaries. Geographically, the densest nodes of the Anglosphere are found in the United States and the United Kingdom. English-speaking Canada, Australia, New Zealand, Ireland, and English-speaking South Africa (who constitute a very small minority in that country) are also significant populations.’

As Duncan Bell (2016; 2020) has also emphasised in *Dreamworlds of Race*, this is a highly racialised divide which separates out the ‘utopian’ lands of white imperial settlement, compared to the ‘orientalist’ empire composed of black and indigenous populations.

Finally, we categorise ‘other Asian’; ‘other Middle East’; ‘other Central American and South American’; ‘other African’ countries. These cases group together nations in these continents which had not been colonised by the British, as well as those which we do not pick out independently (i.e. ‘other Asian’ excludes Japan, India, and China). The ‘other Asian’ category also excludes nations which were formerly part of the Soviet Union, where there has been considerable speculation about the role of wealthy oligarchs and which have sufficient numbers for us to be able to distinguish them separately.

Figure 11 reveals striking patterns. There are very sizeable proportions from the ex-dominion nations, the US, and other parts of the British empire. In 2001, 53% of non-doms came from nations with some kind of historic British imperial connection. Over time, the imperial share stays approximately constant, decreasing only slightly to 51% in 2018. However, on a closer view, this apparent stability is entirely driven by the growth in Indian non-doms; the non-Indian imperial share falls from 49% in 2001 to 38% in 2018. Figure 11 also documents the rising significance of ex-USSR, China, and to a lesser

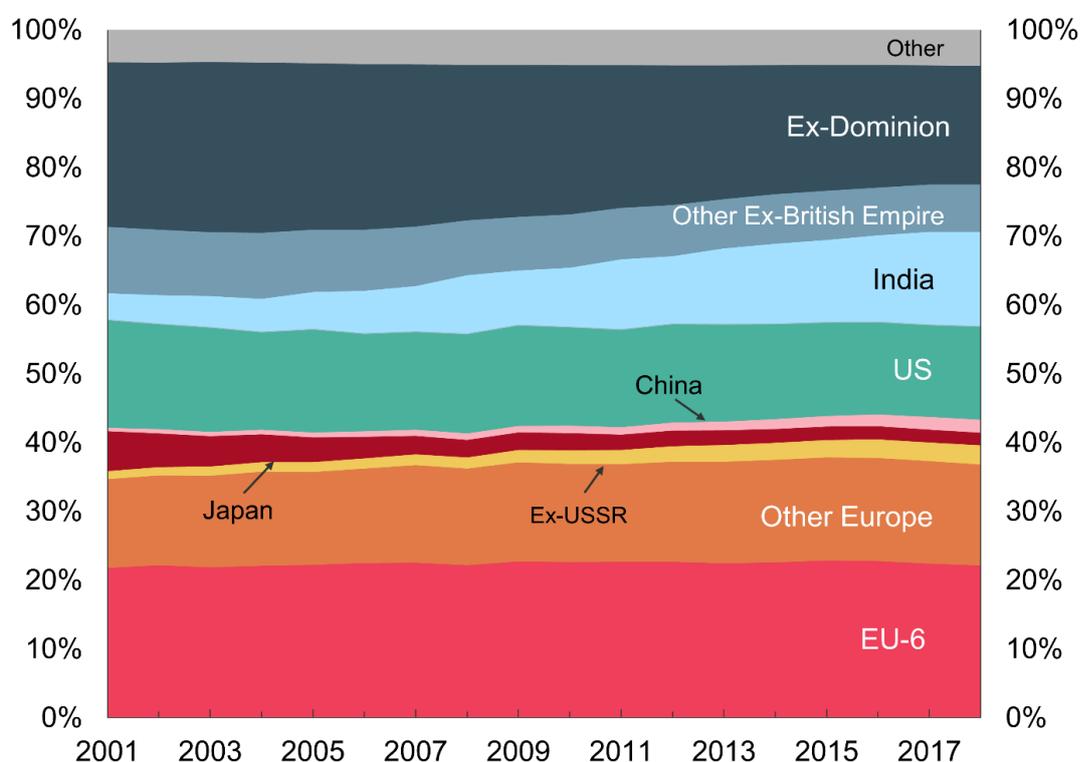
⁴² See Appendix B for details of these groupings.

⁴³ The small number of European nations which used to be part of the British empire (i.e. Cyprus and Malta) are recoded separately as part of ‘other ex-British empire’.

extent European nations outside the EU-6, whereas the share of EU-6 countries remained at 22% over the entire period.⁴⁴

Figure 11 provides a clear sense of UK’s distinctive locus in linking a series of different geographical hinterlands. Overall, the composition of non-doms is disproportionately skewed to ‘old’ Europe and the ex-dominions. This fuses two types of nations with powerful, largely white elites, those based in Western Europe, and those in white settler parts of the former British empire. However, over the past decades the composition has shifted gradually. Although ‘old’ Europe holds up, the former British dominions recede, and China, India, and ex-USSR countries make substantial gains. It is striking how most of the world’s most powerful nations see considerable representation amongst UK non-doms: this is prima facie evidence of the significance of the UK as a global hub for intersecting global elite networks (the Anglosphere; the European; and the rising Asian economic powers).

Figure 11: Share of major multinational groups in non-dom population, 2001–2018



Notes: Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Nationality as reported in Migrant Worker Scan (administrative microdata on migrant workers), supplemented by information from tax form SA109. For individuals reporting both a UK and foreign nationality, we use the foreign nationality. See Appendix B for country groupings. ‘Other’ includes ‘Other Africa’, ‘Other Asia’, ‘Other Middle East’, and ‘Other Central America and South America’. Non-doms with UK or unknown nationality (who number around 73,000 out of 238,000 in 2018) are excluded.

Source: Authors’ calculations based on HMRC administrative datasets.

⁴⁴ To distinguish more clearly the relative rates of growth in the absolute number of non-doms, Figure A3 in Appendix A shows the change in the number of non-doms over time, indexed to 100 in 2001 for each country grouping.

B: Residence within the UK

We now switch scale, from the international, to the intra-national, as we examine the UK residential addresses that non-doms report. This may appear a different angle of inquiry from our interests in international ties reported above, but it actually fits together closely. It is frequently remarked that London's increasing economic differentiation from the rest of the UK is associated with its profile as a 'global city', especially its dominant role within international trade in services – particularly within the financial sector – as well as its prime housing market and cultural reputation making it an attractive site for wealthy international investors. We are able to shed further light on whether London is indeed the locus for non-doms as we might therefore expect.

Figure 12 reveals where non-doms reside within the UK (based on the address given on their tax return),⁴⁵ as a share of the total adult population by parliamentary constituency. Our analysis shows a very striking geographical concentration, with 12% of the entire population in two constituencies, the Cities of London and Westminster as well as Kensington, having claimed non-dom status at some point in our sample period (compared with less than 0.5% of the entire UK adult population). The dominance of London as the preferred residential location for non-doms confirms how macro and micro geographies map onto each other closely as the global wealthy congregate in massively disproportionate numbers in select areas of London. We can also tell that 57% of non-doms located in London with a known industry association work in two sectors: 'financial and insurance activities' and 'professional, scientific and technical activities' (which includes services such as management consultancy and accounting). It is therefore very apparent that the nexus of finance and other 'City' jobs, located in London, are tightly linked to the non-dom phenomenon.

Outside London, the largest presence of non-doms is in the university towns of Oxford and Cambridge (with non-doms making up 1.3% of the local population in Cambridge and 1.1% in Oxford West & Abingdon parliamentary constituencies). Consistent with expectations, the main sources of work for these non-doms are in higher education and research,⁴⁶ highlighting the importance of international workers in British universities and the associated 'spin-out' commercial research organisations.

Other major cities in the UK such as Birmingham and Manchester report negligible non-dom populations. There are only small numbers of non-doms present in central urban areas, despite the regeneration that these city centres have undergone in recent decades. Only 0.2–0.3% of the adult population in the Birmingham Edgbaston, Birmingham Ladywood, Manchester Central, and Manchester Withington constituencies are non-doms. They are slightly more strongly concentrated in affluent constituencies located on the fringes of the urban area, with 0.6% of the adult population in both the Altrincham & Sale West and Tatton constituencies in Manchester's commuter belt, and 0.4%

⁴⁵ The address given on the tax return should be the individual's main home address. Analysis conducted on our behalf by HMRC indicates that in the vast majority of cases this requirement has been complied with, although in a relatively small number of cases individuals appear to have given the business address of their employer or another representative.

⁴⁶ Specifically, "First-degree level higher education" (310 non-doms) and "Other research and experimental development on natural sciences and engineering" (109 non-doms).

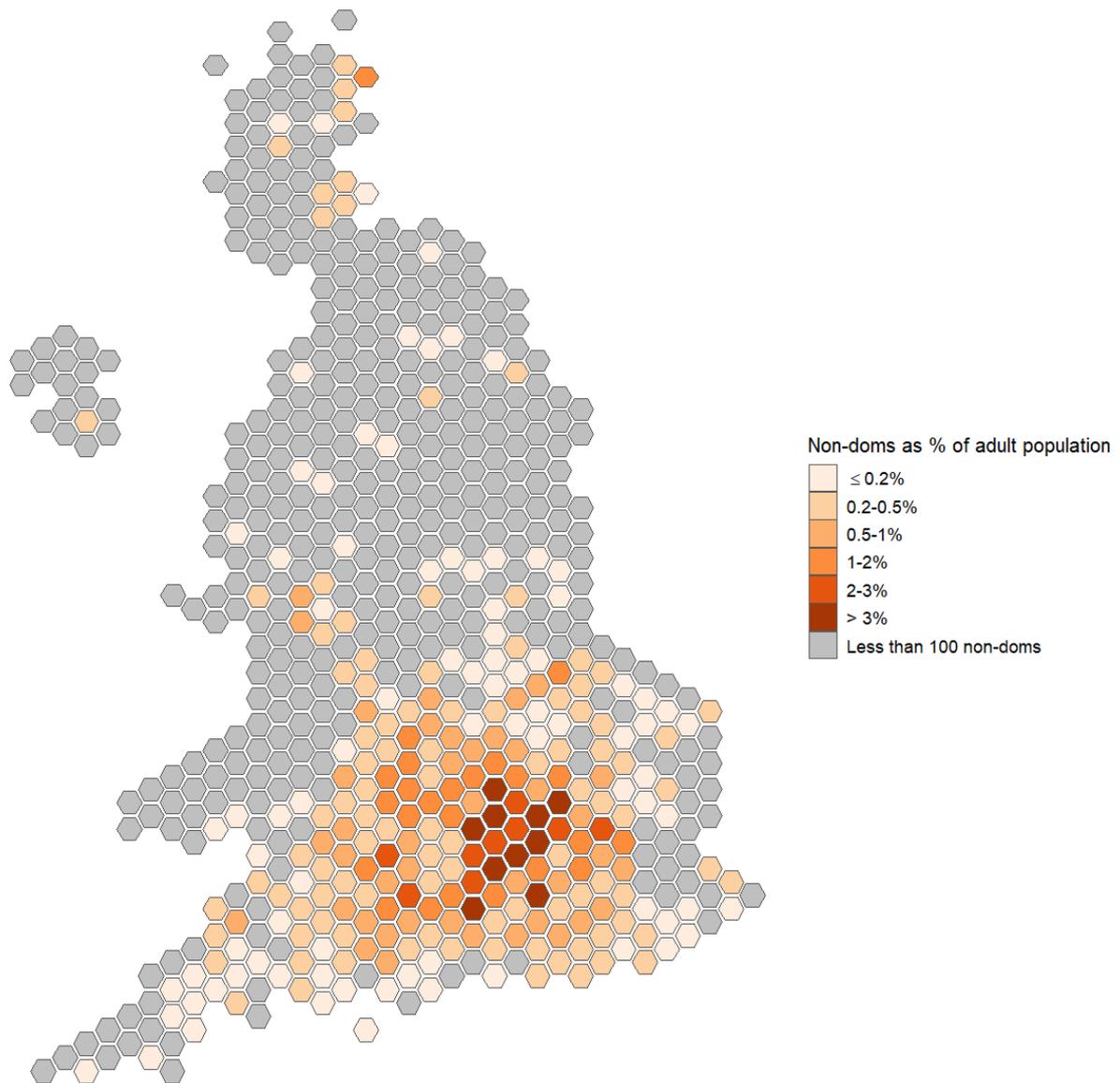
in Solihull near Birmingham. It is noteworthy that the industry with the second-highest number of non-doms within Greater Manchester is 'activities of sport clubs' (129 non-doms).

Things are little different in Northern Ireland, Scotland, and Wales. Aberdeen South has the only significant cluster, where non-doms form 1.0% of the population. This is linked to the oil refining and petroleum extraction industries, which are disproportionately comprised of non-doms (see Section 5.C), and highly concentrated around Aberdeen. The two dominant industries – 'extraction of crude petroleum' and 'mineral oil refining' – together account for 39% of non-doms in Aberdeen (315 non-doms in total).

London is therefore clearly the centre of the non-dom phenomenon. Figure 13 reveals the remarkably tight clustering in very specific parts of the city. Unlike Birmingham and Manchester, the highest concentrations are in the centre of the city: in the West End, and in the affluent areas along the upper sections of the Thames. There are also sizeable outposts in the City of London and Canary Wharf (London Docklands), London's two financial hubs,⁴⁷ and enclaves in parts of North and South London. The very high concentrations in some local areas reach more than 20% of the local population in some London wards.

⁴⁷ However, this particular finding is likely to be influenced by reporting of employer and other business addresses.

Figure 12: Location of non-doms within the UK by parliamentary constituency, 2018

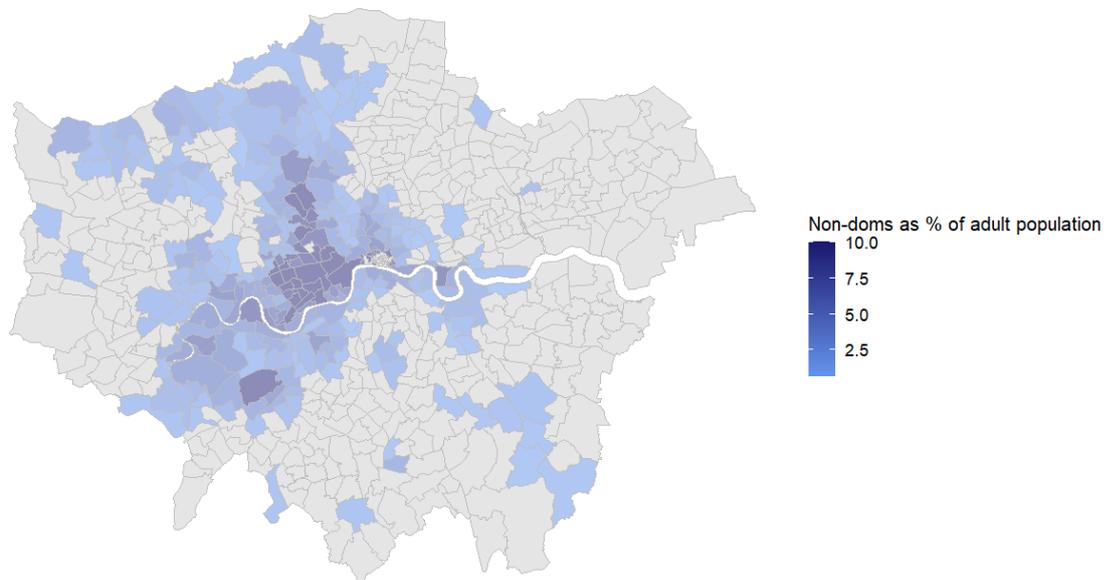


Notes: Non-doms as a share of the total adult population living in each parliamentary constituency. A constituency has an average electorate of about 70,000 people, although individual constituency populations can vary substantially. Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Location determined from the personal address reported on the tax return. Areas with fewer than 100 non-doms have been shaded grey to prevent identification of disclosive information.

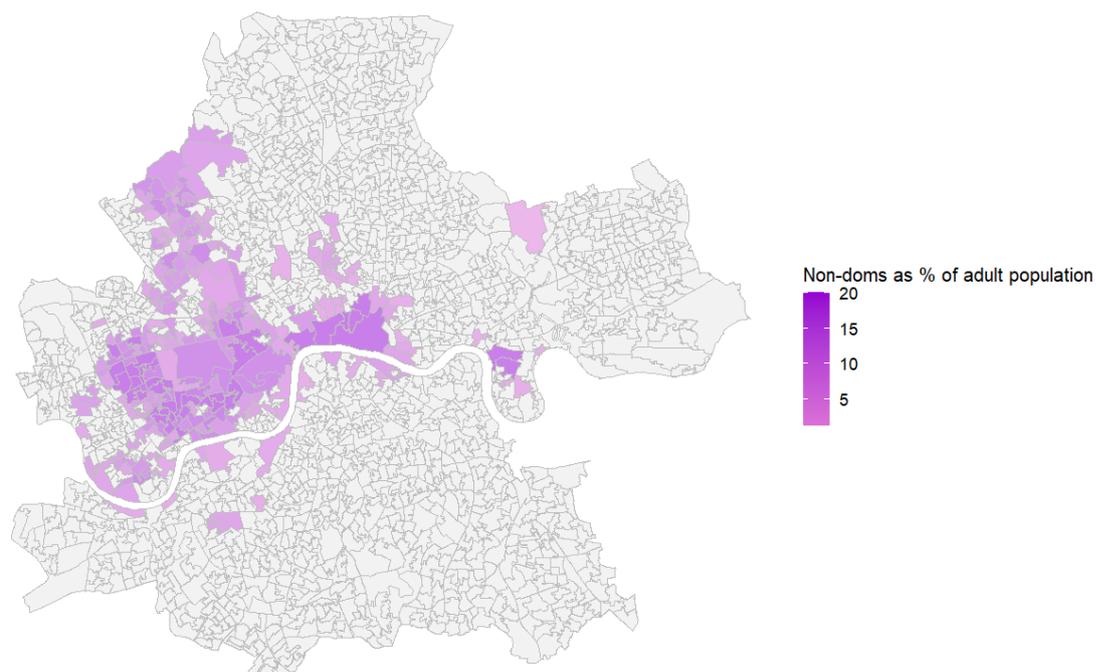
Source: Authors' calculations based on HMRC administrative datasets; ONS Parliamentary constituency population estimates (Experimental Statistics), mid-2018 edition; ONS Open Geography portal; hex map from R parlitools package by Evan Odell.

Figure 13: Location of non-doms within London, 2018

(a) Location within Greater London, by Ward



(b) Location within Central London, by Lower Layer Super Output Area



Notes: Non-doms as a share of the adult population living in each Ward / Lower Layer Super Output Area (LSOA). A ward has an average electorate of about 5,500 people, although individual ward populations can vary substantially. An LSOA is designed to have a population of between 1,000 and 3,000 (mean 1,500). Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Location determined from the personal address reported on the tax return. Areas with fewer than 100 non-doms have been shaded grey to prevent identification of disclosive information. Tables A3 and A4 in the Appendix report the underlying data.

Source: Authors' calculations based on HMRC administrative datasets; ONS Ward-level population estimates (Experimental Statistics), mid-2018 edition; ONS Population Estimates for Lower Layer Super Output Areas, mid-2018 edition; ONS Open Geography portal; ONS Geography, Wards Generalised Clipped Boundaries (December 2019); LSOA Generalised Clipped Boundaries (December 2011).

C: Linking the global and local scales

Linking the global and local analyses pursued above allows us to engage with the ‘iconic’ stereotypes we discussed in Section 3. Figure 14 displays the single most common nationality group amongst non-doms within each ward or very local area of London.⁴⁸

There is considerable variation in the nationalities that predominate in each area. The most central wards are dominated by non-doms from Western Europe (the EU-6), somewhat confounding the stereotypes of ‘Rich Russians’, Asians, and Middle Eastern populations.⁴⁹ Americans are the main group in parts of Islington, into Camden and Hackney, and a few areas within Westminster. Remarkably, Japan is the modal nationality in most parts of the City of London; this is particularly striking given that Japanese ties only account for 1.8% of all non-doms in 2018.

Moving south of the River Thames, non-doms from the ex-dominion countries (Australia, Canada, Ireland, New Zealand, and South Africa) are clearly clustered around Wandsworth and into Merton and Richmond, whilst ‘Other Europeans’ are the modal category in Barnes (located south of the Thames in Richmond). The dominance of the ex-dominion countries within South-West London also radiates beyond London, to the commuter constituencies of Surrey and surrounding areas (see Appendix, Figure A4).

Within more suburban areas, we find a different profile. Non-doms with British (and no other) nationality, who were most likely born and raised in the UK before spending significant time abroad, are the most common group in the affluent areas of North London, mostly in Barnet, Brent, and Harrow. Meanwhile, Indian non-doms are also clustered in the outer boroughs of Harrow and Hillingdon, as well as Bromley in Southeast London. Again, this effect radiates outside London to surrounding constituencies (Appendix, Figure A4).

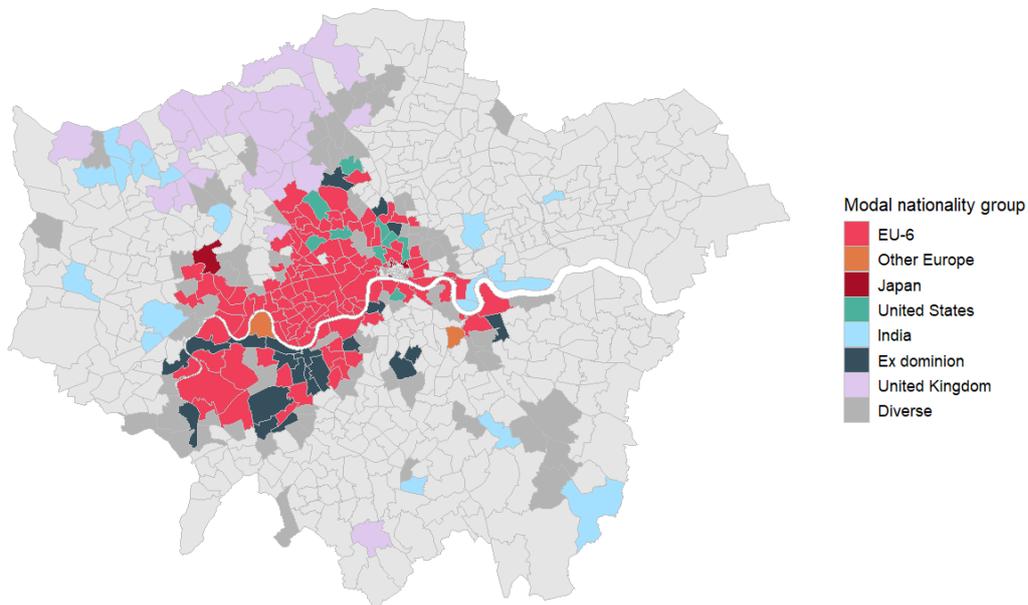
Further analysis suggests that the location of specific nationalities within London is strongly correlated with the location of corresponding international schools. There are large groups of non-doms from France and Italy in the Borough of Kensington and Chelsea where the Lycée Français Charles de Gaulles and La Scuola Italiana a Londra are located. These patterns are also consistent with the popular image that South Kensington is something of a French quarter (close to the French Consulate and the Institut Français). In Richmond, which is home to the German School, we find more non-doms from Germany than from any other EU-6 nation. The same clustering around schools can be observed for Americans, who are the main group in and around Abbey Road where the American School is located, and Japanese who are the modal category in Hanger Hill, right next to the Japanese School in Acton.

⁴⁸ Some care needs to be taken when interpreting this figure since it is not reporting the differential propensity of the differing nationality groups to live in areas of London, only the single largest group (the modal category) to be found there.

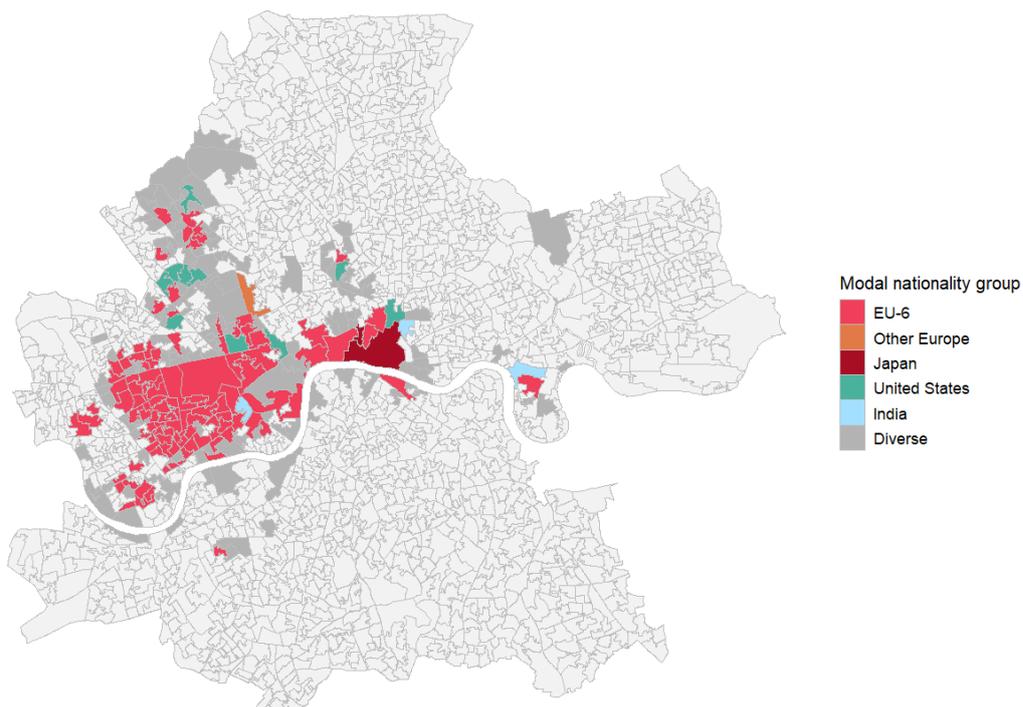
⁴⁹ In fact, despite their recent rise in significance, non-doms from China and ex-USSR countries are not the modal nationality group in any London area whose modal population is large enough for us to report.

Figure 14: Modal nationality group of non-doms within London, 2018

(a) Modal nationality group within Greater London, by Ward



(b) Modal nationality group within Central London, by Lower Layer Super Output Area



Notes: Modal nationality group among non-doms living in each Ward / Lower Layer Super Output Area (LSOA). Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Nationality as reported in Migrant Worker Scan (administrative microdata on migrant workers), supplemented by information from tax form SA109. For individuals reporting both a UK and foreign nationality, we use the foreign nationality. See Appendix B for country groupings. Location determined from the personal address reported on the tax return. Areas with fewer than 100 non-doms have been shaded grey to prevent identification of disclosive information.

Source: Authors' calculations based on HMRC administrative datasets; ONS Open Geography portal; ONS Geography, Wards Generalised Clipped Boundaries (December 2019); LSOA Generalised Clipped Boundaries (December 2011).

7: Conclusion

In this paper we have shown the importance of international ties amongst the UK's global economic elite, by exploiting administrative data derived from tax records. We break new ground by showing how this data, collected by a single nation state, can nonetheless be used to shed light on the kind of transnational dynamics which have long been hypothesised to be of major significance in the UK, but which have previously proved intractable to systematic study. Our work allows us to go beyond the conventional approach of treating national systems as silos, in a way which reveals the enduring and distinctive influence of long-term imperial forces, allied to more recent currents associated with European integration and the rise of Asian economic power. The incredible detail and universal coverage of our data means that we can study those at the very top with a level of granularity that would be impossible using traditional survey sources, underscoring the potential of administrative data to advance sociological understandings of elites.

Our study also sets in context the high-profile cases that have hitherto driven public discourse on the non-dom phenomenon, facilitating a more nuanced perspective on the influence of international flows on contemporary UK inequality. We find compelling support for the public perception that non-doms are disproportionately highly affluent individuals who can be viewed as a part of a global elite. However, whilst there is some evidence for the stereotype of the global wealthy parking themselves in the UK, this underplays the significance of the working rich. On the one hand, this finding might mollify concerns that see the non-dom tax break as the preserve of an international rentier class. On the other hand, it suggestively calls into question the perennial concern of politicians that non-doms are footloose and ready to flee the UK for more favourable fiscal conditions, instead pointing toward a more embedded group whose economic power owes much to establishment institutions that may be difficult to replicate elsewhere (Young et al., 2016).

From a broader sociological perspective, the non-dom phenomenon also demonstrates the power of a specific institutional device – the remittance basis of taxation – forged in the late eighteenth century heyday of empire, to actively shape inequality in the 21st century, both within the UK and globally. British imperial connections continue to underpin elite transnationalism. We have found support for Partha Chatterjee's (2012) emphasis on the differences between the white settler empire (i.e. USA and the ex-dominions, also referred to as the 'Anglosphere') and British imperial presence in most of Africa, Asia, Central America, and South America, in which few white settlers moved into colonised lands. Connections to the ex-dominions are strongly represented amongst non-doms, whereas connections with other British ex-imperial lands are weak. In recent years we have also seen a striking rise in the number of non-doms with links to India which also testifies to the intersection of imperial ties with contemporary economic growth.

However, the significance of imperial ties should not be exaggerated. The UK also has very significant relations to the European continent and is a key node in the development of a 'European field' (Fligstein, 2008). Here there are especially strong ties to the 'old EU-6' nations of France, Germany, Netherlands, Belgium, Luxembourg, and Italy. The free movement of labour which existed whilst the UK retained membership of the EU has allowed significant numbers of professionals and managers with links to these nations to find employment in the UK, where rewards may be greater than in their own nations. To this extent, there is some support for Alistair Darling's observations about the

significance of ‘middle class’ non-doms. Our findings reinforce Huguée et al.’s (2020) argument that the UK has come to act as a hub for the European ‘dominant’ class more broadly. Britain’s economic elite is in fact highly Europeanised and has become more so over the past two decades. It will indeed be very interesting to see how Brexit impinges on this dynamic in the future.

The UK is therefore at the intersecting crossroads of at least two different international networks, one centring on the persistence of British imperial ties dating back many centuries, and the other on continental European connections reinforced (until recently) by the progression of EU integration. To this may be added the striking dominance of the US, which stands out throughout the period of our study. We can also detect a growing number of international connections into Eastern Europe and Asia. Russian connections in particular have frequently been singled out, as with the ‘Rich Russians’ discussed by Schimpfössl (2018). There are indeed significant numbers of ex-Soviet non-doms – enough, to be sure, to sustain the anecdotes – though as a share this group remains relatively small.

We can underscore that the UK elite lack substantial connections with large areas of the world, notably in Central America and South America, Africa (apart from South Africa), and Asia (apart from India and China in the past decade). It is for these reasons that discussions of globalisation, or the role of London as a ‘global city’ need to be tempered by the realisation that it is specific kinds of elite international networks in play. We can speculate that the non-dom phenomenon predominantly mobilises affluent white populations, who are likely to be strongly represented amongst the ex-dominion nations and the EU. With the important exception of India, non-dom ties to nations with large black and non-white populations are small, to the extent that they frequently fail to reach a level which can be reported to meet our disclosure threshold. This includes ex-imperial nations from which – at the lower end of the income distribution – there has been considerable migration flows into the UK, such as from Bangladesh and Uganda. Therefore, although we lack direct data on the racial and ethnic identities of non-doms, we can infer that the non dom regime has predominantly benefitted ethnically white elites.

Finally, by connecting our analysis from the international down to the hyper-local level, we are able to integrate these multi-layered geographies for the first time. We have shown how the macro-geography of international ties also maps on, with remarkable crispness, to the micro-geography of residential patterns within the UK. There is an astonishing spatial concentration of non-doms in very specific areas of central London, and the non-dom phenomenon as a whole is very largely restricted to London and the South East, albeit with notable satellites centred around specific industries. We have also shown how the concentration of non-doms from the EU-6 in the most affluent areas of central London underscores the prominence of the UK within the elite arena of the European field. It is clear that these micro and macro effects also demonstrate that national boundaries are only a rather weak container of more subtle but deeply significant geographical inequalities.

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Appendix A: Additional Tables and Figures

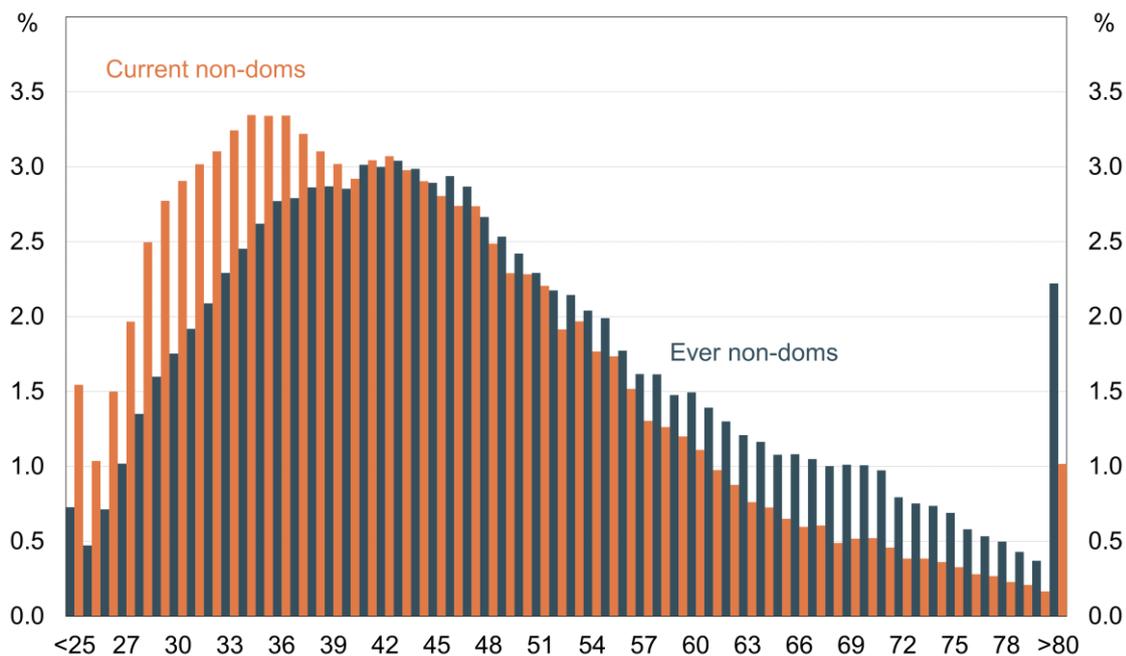
Table A1: Top 50 nationalities of non-doms and their share, ranked by 2018

Country	2001	2018	Country	2001	2018
India	3.9	13.8	Pakistan	0.6	0.7
United States	15.6	13.5	Israel	0.9	0.7
France	7.9	8.4	Malaysia	0.8	0.6
Australia	7.7	5.8	Iran	1.0	0.6
Italy	4.2	5.3	Norway	0.9	0.6
Germany	5.1	4.9	Hungary	0.3	0.6
South Africa	4.3	3.4	Austria	0.5	0.6
Ireland	4.8	3.4	Singapore	0.7	0.5
Spain	2.5	3.0	Kenya	0.6	0.5
Canada	3.5	2.6	Bulgaria	0.2	0.4
Netherlands	3.4	2.5	South Korea	0.5	0.4
New Zealand	3.6	1.9	Finland	0.6	0.4
China	0.5	1.9	Cyprus	0.7	0.4
Japan	5.8	1.8	Nigeria	0.2	0.4
Russia	0.9	1.8	Egypt	0.2	0.3
Poland	0.5	1.6	Lebanon	0.4	0.3
Sweden	2.2	1.5	Hong Kong	0.5	0.3
Greece	1.1	1.3	Czech Republic	0.1	0.3
Denmark	1.4	1.1	Ukraine	0.1	0.3
Belgium	1.2	1.1	United Arab Emirates	0.8	0.3
Switzerland	1.5	1.0	Philippines	0.2	0.3
Portugal	0.5	0.9	Sri Lanka	0.3	0.2
Turkey	0.5	0.9	Mexico	0.1	0.2
Romania	0.1	0.8	Argentina	0.1	0.2
Brazil	0.4	0.8			

Notes: Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Nationality as reported in Migrant Worker Scan (administrative microdata on migrant workers), supplemented by information from tax form SA109. For individuals reporting both a UK and foreign nationality, we use the foreign nationality. Non-doms with UK or unknown nationality (who number around 73,000 out of 238,000 in 2018) are excluded, hence only 49 countries are shown in the table.

Source: Authors' calculations based on HMRC administrative datasets.

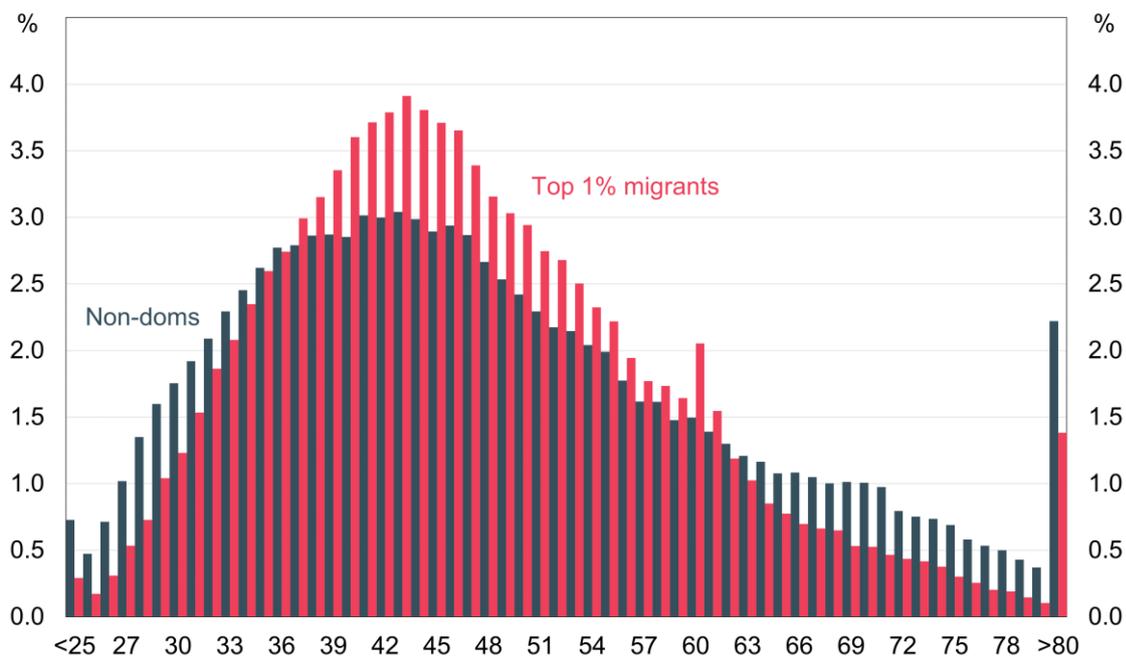
Figure A1: Age distribution of *current* non-doms and *ever* non-doms, 2018



Notes: ‘Current non-doms’ are individuals who are UK tax resident and claimed non-domiciled tax status on their tax return in the year of observation. ‘Ever non-doms’ are individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Top 1% is defined with reference to total (reported) income.

Source: Authors’ calculations based on HMRC administrative datasets.

Figure A2: Age distribution of non-doms and top earning migrants, 2018

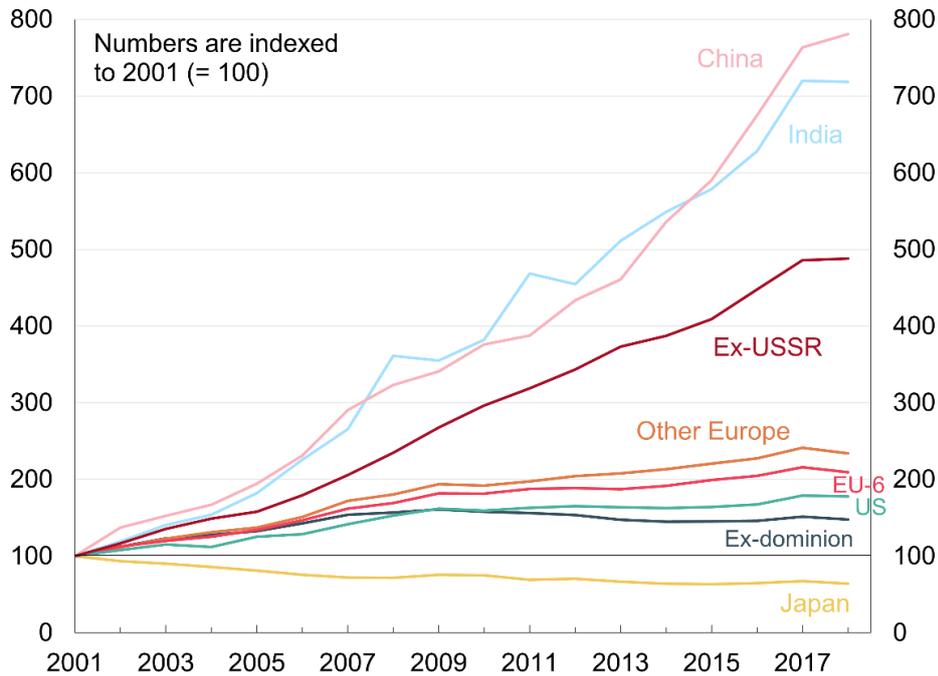


Notes: Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Top 1% is defined with reference to total (reported) income. Migrants identified according to combination of HMRC administrative records and National Insurance number (see Advani et al., 2020 for details).

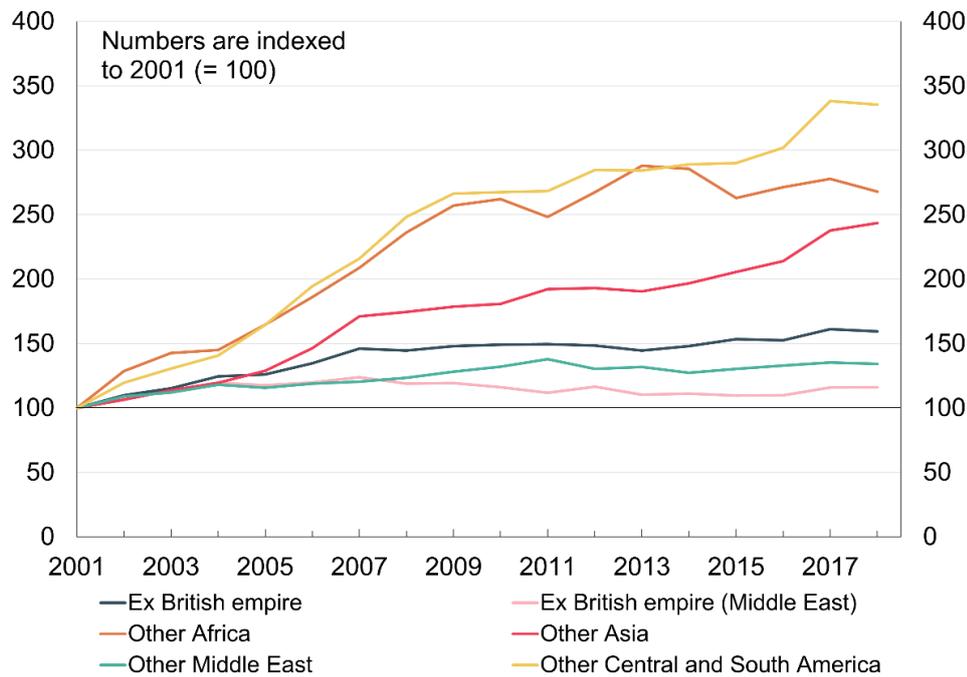
Source: Authors’ calculations based on HMRC administrative datasets.

Figure A3: Number of non-doms, 2001–2018 (2001=100)

(a) For major nationality groups



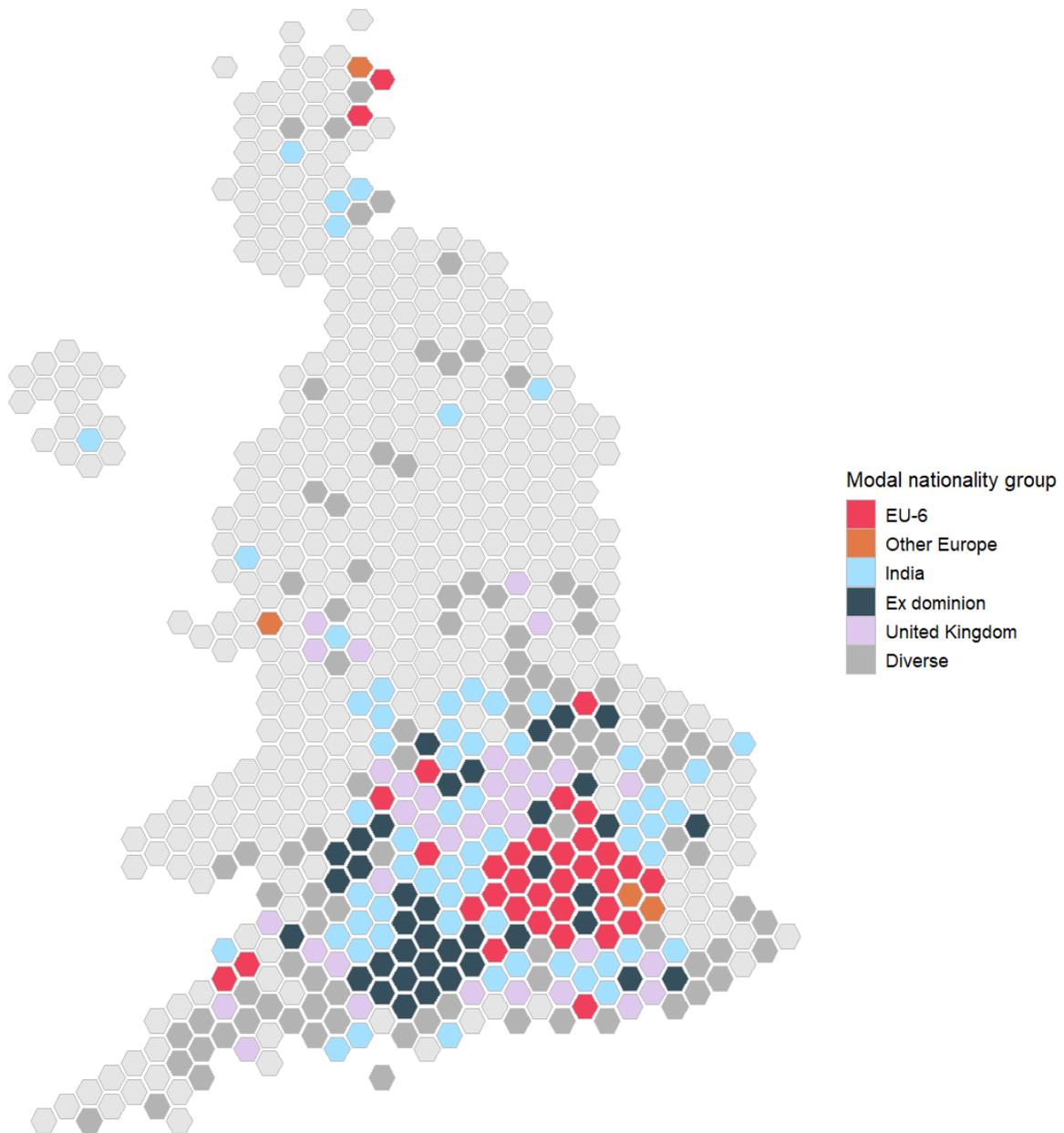
(b) For minor nationality groups



Notes: Indexed to 100 in 2001. Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Nationality as reported in Migrant Worker Scan (administrative microdata on migrant workers), supplemented by information from tax form SA109. For individuals reporting both a UK and foreign nationality, we use the foreign nationality. See Appendix B for country groupings.

Source: Authors' calculations based on HMRC administrative datasets.

Figure A4: Modal nationality group of non-doms by parliamentary constituency, 2018

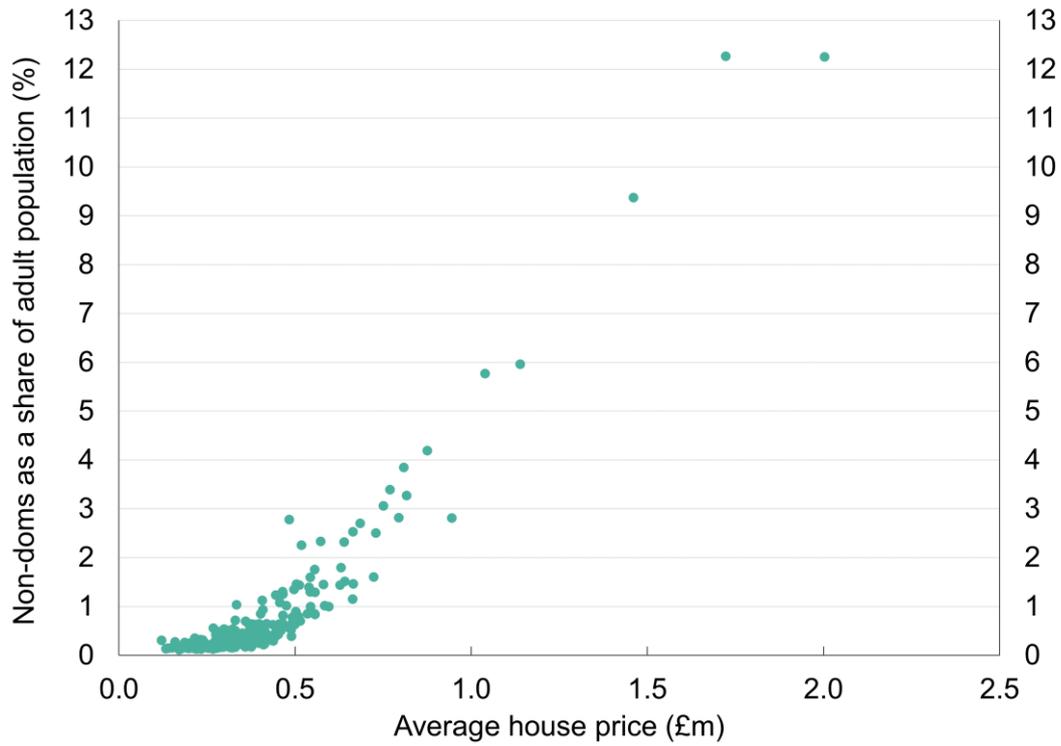


Notes: Modal nationality group among non-doms living in each parliamentary constituency. Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Nationality as reported in Migrant Worker Scan (administrative microdata on migrant workers), supplemented by information from tax form SA109. For individuals reporting both a UK and foreign nationality, we use the foreign nationality. See Appendix B for country groupings. Location determined from the personal address reported on the tax return. Areas with fewer than 100 non-doms have been shaded grey to prevent identification of disclosive information.

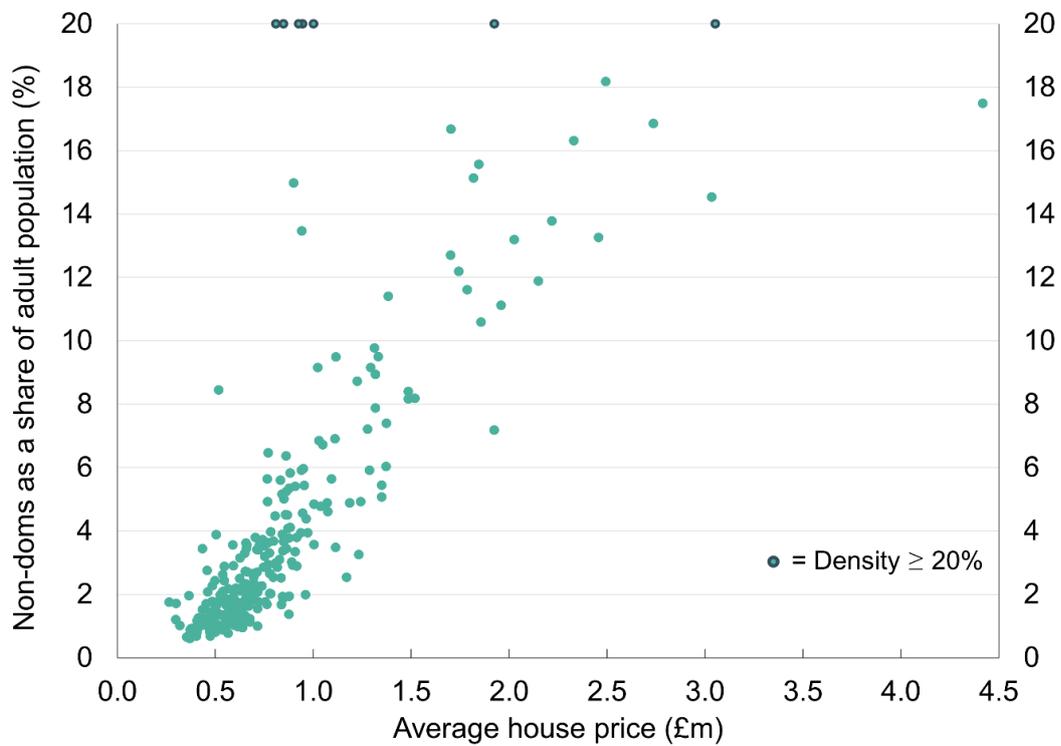
Source: Authors' calculations based on HMRC administrative datasets; ONS Open Geography portal; hex map from R parlitools package by Evan Odell.

Figure A5: Relationship between house prices and non-dom share in the population, 2018

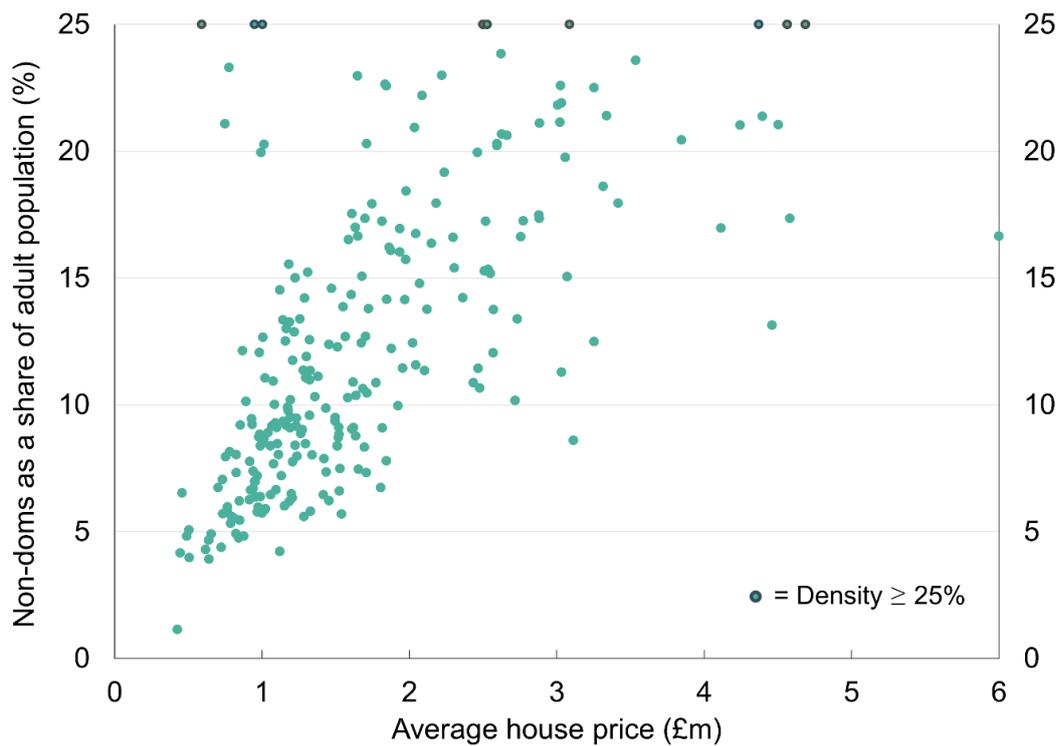
(a) By parliamentary constituency in the UK



(b) By ward in Greater London



(c) By Lower Layer Super Output Area in Central London



Notes: Average house price measured as mean price paid in area from March 2014 to March 2019. Non-doms as a share of the adult population living in each Parliamentary Constituency / Ward / Lower Layer Super Output Area (LSOA). Non-doms are defined as individuals who are UK tax resident in the year of observation and who claimed resident non-domiciled tax status on their tax return in at least one year during the period 1997–2018. Location determined from the personal address reported on the tax return. Areas with fewer than 100 non-doms are omitted to prevent identification of disclosive information.

Source: Authors' calculations based on HMRC administrative datasets; ONS Parliamentary constituency population estimates (Experimental Statistics), mid-2018 edition; ONS Ward-level population estimates (Experimental Statistics), mid-2018 edition; ONS Population Estimates for Lower Layer Super Output Areas, mid-2018 edition; ONS Mean house prices for subnational geographies: HPSSA dataset 27; ONS Mean house prices by ward: HPSSA dataset 38; ONS Mean house prices by lower layer super output area: HPSSA dataset 47.

Appendix B: Country groupings

This appendix describes the country groupings that are used in this paper:

Ex-[British-]dominion: Australia, Canada, Ireland, New Zealand, South Africa.

Other ex [or current] British empire nations: Afghanistan, Anguilla, Antigua, Bahamas, Bangladesh, Barbados, Belize, Bermuda, Botswana, British Virgin Islands, Brunei, Cameroon, Cayman Islands, Cyprus, Dominica, Egypt, Eswatini (Swaziland), Falkland Islands, Fiji, Gambia, Ghana, Gibraltar, Grenada, Guernsey, Guyana, Hong Kong, Isle of Man, Jamaica, Jersey, Kenya, Kiribati, Lesotho, Malawi, Malaysia, Maldives, Malta, Mauritius, Montserrat, Myanmar, Nauru, Nepal, Nigeria, Pakistan, Papua New Guinea, Seychelles, Sierra Leone, Singapore, Solomon Islands, Somaliland, South Sudan, Sri Lanka, St Helena, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Sudan, Tanzania, Tonga, Trinidad and Tobago, Tuvalu, Uganda, Vanuatu, Zambia, Zimbabwe.

Other ex-British empire nations in the Middle East: Bahrain, Iraq, Israel, Jordan, Kuwait, Libya, Oman, Palestine, Qatar, United Arab Emirates, Yemen.

EU-6: Belgium, France, Germany, Italy, Luxembourg, Netherlands.

Other Europe (non-British empire and non-EU-6): Albania, Andorra, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Faroe Islands, Finland, Greece, Hungary, Iceland, Kosovo, Liechtenstein, Monaco, Montenegro, North Macedonia, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Vatican City.

Ex-USSR: Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

Other Africa: excluding other ex-British empire nations.

Other Asia: excluding China, India, Japan, other ex-British empire nations.

Other Central America and South America: excluding other ex-British empire nations.

Other Middle East: excluding other ex-British empire nations in the Middle East.

Appendix C: Details of reforms to non-dom rules

This appendix provides a short summary of the main reforms to the tax rules applying to non-UK domiciled individuals over the period of our study (2001–2018).

Pre-2008

There was no need specifically to claim the remittance basis in addition to claiming non-domiciled status. The remittance basis could be used without any additional charge or loss of UK personal allowances. In practice, various strategies (such as ‘source ceasing’ and use of loans) enabled remittances to be made to the UK without being taxable.

2008

The remittance basis must now be claimed (in addition to claiming non-dom status) by making an election on the tax return. Remittance basis users cease to qualify for UK personal allowances for income and capital gains. The rules on taxable remittances are tightened to prevent common avoidance strategies. A new £30,000 ‘Remittance Basis Charge’ (RBC) is introduced for remittance basis users who had been tax resident in the UK for at least 7 of the 9 previous tax years (‘7-in-9’ charge).

2012

An additional tier of RBC is introduced at £50,000 for remittance basis users who had been tax resident in the UK for at least 12 of the 14 previous tax years (‘12-in-14’ charge). A new ‘Business Investment Relief’ is introduced allowing remittance basis users to make non-taxable remittances of income and gains where the funds are invested in qualifying UK businesses.

2013

A new ‘Statutory Residence Test’ is introduced to replace the common law test for tax residency. It introduces several fixed thresholds for the number of days spent in the UK before becoming tax resident. The ‘not ordinarily resident’ status (which also entitled individuals to claim the remittance basis for income) is abolished. The ‘Annual Tax on Enveloped Dwellings’ (ATED) is introduced, imposing a new charge on unlet residential properties owned via a company.

2014

New rules are introduced to limit the scope of the remittance basis for foreign employment income, by restricting the use of ‘dual contracts’ for work conducted in the UK and overseas.

2015

The 12-in-14 RBC is increased to £60,000. An additional tier of RBC is introduced at £90,000 for remittance basis users who had been tax resident in the UK for at least 17 of the 20 previous tax years (‘17-in-20’ charge).

2017

New rules are introduced that 'deem' some non-domiciled individuals to be UK-domiciled for tax purposes, where one of two conditions applies. Condition A ('returning doms') applies to current residents who are UK-born with a UK domicile of origin, even if they have acquired a different domicile of choice overseas under general law. Condition B ('long-term residents') applies to current residents who have been resident for at least 15 of the previous 20 tax years. Condition B deemed doms are entitled to 'trust protections' under which income and gains retained in a non-UK trust prior to becoming deemed domiciled are not taxed. New rules are introduced to ensure that non-domiciled individuals are liable to Inheritance Tax on the value of UK residential property even where this is held via a foreign company.

Appendix D: Domicile section of tax return

Figure D1: SA109 tax form

Domicile

Read the 'Residence, remittance basis etc notes' before you fill in boxes 23 to 40

<p>23 If you are domiciled outside the UK and it is relevant to your Income Tax or Capital Gains Tax liability for 2017-18, put 'X' in the box. Please explain in Box 40 how your domicile is relevant to your Income Tax or Capital Gains Tax liability</p> <p><input type="checkbox"/></p> <p>If you have put 'X' in box 23, you must put an entry in box 25, 26 or 27</p>	<p>24 If 2017-18 is the first year you have told us that your domicile is outside the UK, put 'X' in the box</p> <p><input type="checkbox"/></p>
<p>23.1 If you were deemed UK domicile under Condition A, put 'X' in the box</p> <p><input type="checkbox"/></p>	<p>25 If you have put 'X' in box 23 and have a domicile of origin within the UK, enter the date on which your domicile changed DD MM YYYY</p> <p><input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/></p>
<p>23.2 If you were deemed UK domicile under Condition B, put 'X' in the box</p> <p><input type="checkbox"/></p>	<p>26 If you were born in the UK but have never been domiciled here, put 'X' in the box</p> <p><input type="checkbox"/></p>
<p>23.3 Enter the number of years you've been resident in the UK in the previous 20 years</p> <p><input type="text"/> <input type="text"/> <input type="text"/></p>	<p>27 If you have put 'X' in box 23 and you were born outside the UK, enter the date that you first came to live in the UK DD MM YYYY</p> <p><input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/></p>

SA109 2018

Page RR 2

Notes: Figure shows the SA109 section of the tax return for 2017-18, where domicile status is reported.

Source: HMRC.