# Taxation and Migration by the Super-rich*

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**Abstract**

We use UK administrative data to study how taxes affect emigration among the super-rich and its economic and fiscal consequences. Our difference-in-differences approach exploits a reform removing access to a preferential tax regime for wealthy foreigners based on years of UK residence, comparing individuals with similar income and wealth. The reform lowers affected individuals' net-of-tax rate by 19%. Emigration rates increase sharply but temporarily. Overall, a 1% net-of-tax rate decline reduces the number of super-rich in the UK by 0.4%. These changes in tax residence often reflect partial adjustments to physical presence. Although UK income and tax fall after emigration, many emigrants still spend substantial time in the UK, receive income, and pay taxes there three years later. Emigration nevertheless generates negative spillovers. Firms scale back after top managers leave, and workers lose income, suggesting some super-rich supply hard-to-replace human capital. However, these externalities reduce revenue raised by only 5%.

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# 1 Introduction

International migration is seen as the key constraint on national governments seeking to raise more tax from individuals at the very top of the income or wealth distribution. The super-rich are thought to be highly internationally mobile because many have migrated before, own properties in several countries, and spend significant time abroad for business and leisure. These international ties may allow them to change their tax residence without fully uprooting their lives. Their departure may also be particularly costly: countries may lose not only the tax revenue they pay directly, but also the financial and human capital they contribute to the local economy.

Therefore, to understand the economic and fiscal consequences of tax-motivated emigration by the super-rich, it is crucial to quantify not only the overall emigration response, but also how changes in tax residence affect their economic activity and the extent to which these changes generate spillovers for their businesses and co-workers (Kleven, 2026). Prior evidence is limited because answering these questions requires a large tax shock affecting a sizeable group of super-rich individuals, together with detailed data that capture their local footprint, both while resident and after departure, and link them to businesses and workers.

We investigate emigration responses to taxation among the super-rich, and the economic and fiscal consequences of their departure, leveraging administrative data and policy variation from the UK's foreign-domiciled ("non-dom") regime. This regime provided a substantial tax break to wealthy foreign-born residents of the UK. We use detailed microdata covering the universe of individuals and companies with a UK presence and exploit a major tax reform in 2018 that removed access to the regime for long-term residents, reducing their after-tax income by almost one-fifth.

We show that affected individuals have high baseline emigration rates and substantial foreign investment income, while also earning sizeable labour income in the UK, primarily in finance and other professional services. Leveraging quasi-experimental variation from the reform in a difference-in-differences framework, we estimate the effect of tax changes on the number of super-rich individuals residing in the UK. Next, we focus on the super-rich who leave after the reform to analyse the economic and fiscal impacts of tax-motivated emigration. We examine where they go, how many days they continue to spend in the UK as non-residents, and how much their UK-based income and tax liability fall after departure. Finally, we link emigrants who serve as directors or top-paid employees of UK businesses to these firms and their workers to estimate the effects of their departure on firm performance and worker outcomes.

While most countries tax their residents' worldwide income and capital gains, the UK had a hybrid system. UK residents are generally taxed on a worldwide basis.

However, foreigners who could plausibly argue that they did not plan to stay in the UK indefinitely could elect to be effectively exempted from tax on foreign-source earnings and investment returns. This regime, known as the remittance basis, placed no restrictions on how much time someone could spend in the UK during any tax year. The cost of using the remittance basis was the loss of tax-free allowances, worth up to £8,400 per year, and a fixed annual fee of at least £30,000 for users who had been resident for at least seven years. In practice, this meant that remittance basis claims were concentrated among individuals with substantial foreign assets.

We exploit a 2018 reform to this regime to estimate the emigration effects of tax increases and trace out the economic and fiscal consequences of tax-induced emigration. The reform removed access to the remittance basis for individuals who had been UK resident for at least 15 of the previous 20 years. This allows us to leverage exogenous variation among the super-rich based on tenure in the UK, alleviating a common concern that estimates based on tax variation across income or wealth levels, nationalities, or regions may be confounded by group-specific shocks. The reform increased average tax rates by 11 percentage points for affected individuals, as their foreign earnings and investment income became taxable in the UK.

Our analysis draws on several linked administrative datasets. At the individual level, we combine the universe of personal tax returns filed between 1997 and 2020 with comprehensive earnings data from the withholding tax system. We observe individuals' remittance basis claims, residence status, incomes, tax liability, and other outcomes and characteristics. We also have detailed information on emigrants' UK-based activities from the tax returns they file as non-residents. Our measure of migration is based on tax residence. This is the most relevant measure from a fiscal perspective, but as we show, individuals can cease to be tax resident while retaining a significant footprint in the UK. To study the effects of super-rich emigration on firm performance and worker outcomes, we draw on a newly constructed dataset that links the universe of UK employees and directors to the universe of UK companies.

We first characterise the 3,200 remittance basis users who are impacted by the 2018 reform. Three facts stand out. First, despite their long-term residence in the UK, individuals in this group have high baseline international mobility, with annual emigration rates of 4–6% before the reform. Second, they rank among the highest-income, and highest-wealth, individuals in the UK: 72% are in the top 0.1% of the UK income distribution, and essentially all are in the top 1%. Average annual investment returns are £1.7m, reflecting their extremely high wealth. 88% of these returns are foreign-source, consistent with the incentives created by the remittance basis. Third, they also earn substantial returns to labour. Although investments are the main source of income for more than 80% of them, average earnings are £530,000, which by itself is sufficient to place an individual in the top 0.1% by income. These

earnings come mainly from jobs in finance and other professional services, such as law, consulting, and accounting.

We then assess emigration responses to taxation. We use a difference-in-differences design that compares emigration flows over time between a treatment group resident for 15–20 of the previous 20 years with a control group resident for 10–14 years. The reform generates a strong first stage, reducing the net-of-average-tax rate in the treatment group by 18.9%, while leaving tax liabilities in the control group unaffected. In response, the emigration rate in the treatment group rises by 6 percentage points but quickly returns to its pre-reform level.

Cumulating emigration effects over the five years following the reform's announcement, we estimate a 7.6% decline in the number of affected super-rich in the UK, implying a stock elasticity of 0.4. Turning to the more commonly reported emigration *flow* semi-elasticity, we estimate that a 1% decrease in the net-of-average-tax rate temporarily increases the emigration rate by around 0.3 percentage points.

Individuals with higher *UK* incomes and UK tax liabilities – who typically work in industries that pay more in the UK than in potential destination countries (Advani et al., 2025) – are less responsive to tax changes. On average, emigrants had 61% lower pre-reform tax liabilities than stayers, underscoring the importance of accounting for selection when estimating the fiscal impacts of emigration.

We next examine the extent to which the super-rich who emigrate after the reform maintain ties to the UK and the implications for their economic and fiscal contributions. For brevity, we refer to affected emigrants as "tax-induced emigrants".[1] We have three main findings. First, a large share of tax-induced emigrants – around 43% – move their tax residence to countries with very low taxes on the rich, compared with just 23% of similar emigrants unaffected by the reform.

Second, many tax-induced emigrants continue to spend considerable time in the UK after ceasing to be tax resident, with 18% bunching just below the maximum allowable days in the UK. By contrast, similar emigrants unaffected by the reform spend substantially fewer days in the UK, do not bunch below the tax-residence threshold, and are much more likely to sever ties with the UK entirely. Together, these findings highlight that changes in tax residence in response to tax increases do not necessarily entail large changes in the physical presence of the super-rich.

Third, we directly quantify how changes in tax residence affect UK-based work, investments, and tax payments. Here we use a difference-in-differences strategy comparing treated remittance basis users who emigrate in the first year after the reform with untreated remittance basis users who remain in the UK. We find that UK in-

[1]Our analysis of emigration responses suggests that half of affected emigrants left the UK because of the tax reform. Consequently, our estimates can be interpreted as lower bounds on the differences between genuinely tax-induced and not-tax-induced emigrants.

come and tax liability fall sharply after emigration but not to zero. Total UK income declines by two-thirds; UK Income Tax liabilities by 77%. Remarkably, more than half of tax-induced emigrants continue to receive non-zero UK income three years after leaving. UK-based earnings decline more than investment income in both absolute and relative terms, suggesting that the supply of human capital is more strongly tied to tax residence than the supply of financial capital. Because emigrants maintain economic ties to the UK, the reform raises 3% more revenue than if they severed these ties completely.

We then investigate whether tax-motivated emigration by the super-rich adversely affects the businesses in which they are involved and the workers at those businesses. Given that many individuals affected by the reform earn high incomes from UK-based work, we focus on those who are "top managers" of UK companies, defined as being either a director or among the ten highest-paid employees at their firm. Although tax-induced emigrants are negatively selected on UK income, 29% were top managers before emigration.

Using a difference-in-differences design at the firm level, we find that top-manager emigration negatively affects firm performance. The probability of firm exit increases by 12 percentage points. Turnover declines by 18%, payroll by 14%, and profits and corporate tax liabilities by 29%. These effects persist when conditioning on firm survival, implying that they are not driven by firm exit. Instead, firms substantially scale down their operations when a top manager emigrates, suggesting that some of the super-rich provide human capital that is difficult to replace. We find similar firm-level externalities using the event-study approach proposed by Jakobsen et al. (2026), which exploits different identifying variation.

Workers are also negatively affected by top-manager emigration, but the effects are more modest: workers employed at these firms at the time of emigration experience income losses of 3.6%. Comparing the 14% reduction in firms' payroll with the 3.6% decline in workers' income shows that the externalities are smaller once we account for the reallocation of production factors across firms. Overall, negative spillovers to firms and workers reduce revenue raised from the reform by only 5%.

Our findings contribute to the literature on tax-motivated migration by providing the first estimates of international migration responses among the globally connected super-rich and tracing their economic and fiscal effects. An established body of evidence, surveyed in Kleven et al. (2020), shows that high-income individuals are internationally mobile when location-specific human capital is less important. Estimates of the stock elasticity with respect to the net-of-tax rate on total income range from 1 to 2 for foreign top earners, but are below 0.15 for domestic top earners (Kleven et al., 2013, 2014; Akcigit et al., 2016; Muñoz, 2023; Timm et al., 2025; Bassetto and Ippedico,

2026; Giarola et al., 2026).[2] Recent work has studied the *super-rich* using journalistic "rich lists" and focusing on *within-country* mobility. Baselgia and Martínez (2025) examine the abolition of a special tax regime, implemented in some Swiss cantons, for wealthy foreigners who are not permitted to work, and estimate a stock elasticity with respect to the net-of-tax rate on capital income of roughly 1.5. Moretti and Wilson (2023) assess the effect of US state-level estate taxes on the location choices of billionaires in the Forbes 400, finding very large mobility responses, especially among older billionaires. Our setting allows us to study the international mobility of a broad group of foreign-born super-rich individuals. Our preferred stock elasticity of 0.4 falls between estimates for foreign and domestic top earners, but below estimates of within-country mobility among the super-rich.

Most prior research estimates migration responses to taxes but does not assess the economic impacts of tax-induced migration because of data and identification challenges, even though these impacts are central to the policy debate over taxing the rich (Kleven, 2026). We advance the literature in three ways: First, we show that changes in tax residence often reflect only partial adjustments to physical presence, as many tax-motivated emigrants continue to receive income, pay taxes, and spend substantial time in the UK as non-residents. The common assumption that emigration entails a complete relocation therefore overstates its economic and fiscal costs. Second, we estimate spillovers from super-rich emigration to businesses and workers, which are crucial for assessing the welfare effects of tax reforms targeting the rich (Kleven, 2026). We find statistically significant but quantitatively modest externalities, particularly once we account for the reallocation of production factors across firms. Third, we examine how migration responsiveness varies with ties to the local labour market. We find that individuals with weaker ties respond more strongly, helping explain the high elasticities found among those not permitted to work and among the elderly (Baselgia and Martínez, 2025; Kalin et al., 2024; Moretti and Wilson, 2023).

The paper most closely related to ours is Jakobsen et al. (2026), who assess the economic consequences of tax-induced migration in Sweden.[3] They separately estimate migration responses to wealth taxes and the economic effects of wealthy emigration, and then combine the two. They find limited aggregate economic effects, primarily because the migration response is small. Our findings complement theirs in three

[2] A much larger literature studies *within-country* mobility responses to income or capital taxes, typically finding substantially larger elasticities than those found for international migration (Schmidheiny, 2006; Young and Varner, 2011; Young et al., 2016; Moretti and Wilson, 2017; Schmidheiny and Slotwinski, 2018; Agrawal and Foremny, 2019; Agersnap and Zidar, 2021; Akcigit et al., 2022; Brülhart et al., 2022; Martínez, 2022; Rubolino and Giommoni, 2023; Iacono and Smedsvik, 2024; Rauh and Shyu, 2024; Agrawal et al., 2025; Young and Lurie, 2025; Koethenbuerger et al., 2026).

[3] Blandhol (2025) provides similar evidence for Norway. Using a dynamic equilibrium model of joint migration and saving choices, she estimates substantially larger aggregate economic effects. Ring (2026) analyses the same Norwegian reforms and finds similar migration responses but no negative economic effects.

ways: First, we study individuals who are substantially richer and more internationally mobile. Their results are based on the top 2% of the wealth distribution, whose baseline emigration rate is only 0.2% per year. By contrast, most individuals in our treatment group are in the top 0.1%, with baseline emigration rates of 4–6%. We find that revenue losses from tax-induced emigration, through both direct and indirect channels, remain modest even for this highly mobile group. Second, the reform we study caused a large outflow, allowing us to compare the effects of tax-induced emigration with those of not-tax-induced emigration over the same period. Tax-induced emigrants are more likely to retain a substantial UK footprint, highlighting the importance of selection into tax-induced migration. Third, our results point to a different mechanism for firm-level externalities. While the negative effects of business-owner emigration in Jakobsen et al. (2026) are fully explained by firm exit, we find negative effects even among surviving firms, suggesting that the super-rich supply hard-to-replace human capital that affects firm scale (Smith et al., 2019).

The remainder of the paper is organised as follows. Section 2 discusses the institutional background. Section 3 explains the data sources and key measurement details. Section 4 describes the economic activities and global connections of the super-rich affected by the 2018 reform. Section 5 presents our analysis of emigration responses to the reform and the resulting elasticities. Section 6 examines how the economic and fiscal contributions of the super-rich depend on their tax residence. Section 7 estimates spillovers to businesses and workers. Section 8 concludes.

# 2 Institutional Background

Like most countries other than the US, the UK mainly taxes individuals based on residence. However, the UK offered a preferential tax regime for residents who declared that they had not settled in the UK permanently.[4] In this section, we explain the rules for determining tax residence, the special tax status and eligibility for it, and the 2018 reform that removed access for a subset of existing users.[5]

## 2.1 Residence Rules

UK residents are generally liable to tax on their worldwide income and capital gains. Tax residence depends on the number of days spent in the UK during the tax year and a set of "ties", including whether they have work, accommodation, or family in the UK. Individuals are automatically resident if they spend at least 183 days in the

[4] We use the past tense because a reform enacted in 2025, long after the end of our sample period, abolished the regime altogether.

[5] Appendix B provides further details about the tax rules applying to remittance basis users in the UK and abroad.

UK, but the threshold falls with the number of ties, reaching as low as 16 days for those with the most ties.

## 2.2 Domicile and Remittance Basis of Taxation

The UK offered special tax treatment to residents who claimed that their permanent home (or "domicile") was abroad. In the UK context, domicile is legally distinct from residence: someone who lives continuously in the UK for a decade can still have a foreign domicile. UK residents with a foreign domicile, known as "non-doms", could claim the remittance basis of taxation. We refer to claimants as "remittance basis users". Under this regime, foreign income and gains were only subject to UK tax if brought into or used in the UK. Foreign earnings were exempt only if earned from a foreign employer for work performed entirely abroad. The tax benefit could be enormous: individuals who were only tax resident in the UK generally paid no foreign tax either, except for irrecoverable withholding tax. As discussed in Appendix Section B.3, withholding tax was negligible in this context because UK double tax treaties reduce rates to near zero in most countries and a sizeable share of remittance basis users' foreign investments were held in tax havens that typically levy no withholding tax (see Appendix Figure D3).[6] In effect, the remittance basis provided an almost complete tax exemption for income arising and spent or saved outside the UK.

There were two main ways to fund UK spending while benefiting from the remittance basis. First, individuals could spend UK-source income and gains (e.g., earnings from UK employment), which remained taxable as usual. Second, they could remit the capital component of their foreign assets (known as "clean capital"), while continuing to accrue income and gains on those assets tax-free.[7]

Although the rules for determining domicile are complex, non-dom status was generally available to individuals arriving from abroad who could plausibly claim they did not intend to make the UK their permanent home. As domicile depended on a wide range of lifestyle factors and private intentions, it was very difficult for the tax authority to prove that someone who had moved to the UK had become UK domiciled as a matter of law, even after many years of continuous residence.

In sum, these rules allowed UK residents with foreign ties to benefit from a tax exemption unavailable to other residents. In practice, the benefits were highly concentrated among the wealthy because claiming the remittance basis involved substantial fixed costs, making it worthwhile only for those with substantial foreign income or gains. These costs included forfeiting the tax-free allowances for Income Tax and

[6] US citizens and green card holders are an additional exception, as they are subject to worldwide taxation regardless of their country of residence.

[7] The rules for separating the capital component from income and gains were essentially satisfied by holding clean capital in a separate bank account, with interest paid into another account.

Capital Gains Tax worth up to £8,400 in tax savings, paying tax advisors to navigate the complex rules, and an annual charge for accessing the remittance basis of £30,000 for those resident for seven of the previous nine years, £60,000 for those resident for 12 of the previous 14 years, and £90,000 for those resident for 17 of the previous 20 years. Remittance basis users are widely perceived as highly mobile, given their wealth and continued ties to at least one country outside the UK.

### 2.3 "Deemed Domicile" Reform in 2018

A reform taking effect from tax year 2018 removed access to the remittance basis for a subset of non-doms.[8] Individuals who had been UK resident for at least 15 of the previous 20 years were "deemed to be UK domiciled" for tax purposes and could no longer claim the remittance basis. By bringing their foreign-source income and gains into the scope of UK taxation, the reform substantially increased their tax liability. It also required them to start reporting all foreign investment income and gains to the UK tax authority. Consequently, the £90,000 remittance basis charge became obsolete, while the £30,000 and £60,000 charges remained in place.

The Conservative government announced the deemed domicile reform in the Summer Budget in July 2015, just two months after unexpectedly winning a majority in the general election. The Budget specified key features, including the 15-of-20-years residence threshold and implementation in tax year 2018, but details and draft legislation emerged only through a protracted process over the following two years. The extended period between announcement and implementation gave affected remittance basis users time to respond in anticipation. It also makes delayed emigration responses less likely, as individuals had ample time to prepare their departure before the reform took effect. We examine both conjectures in Section 5.

## 3 Data

Our analysis draws on a large number of administrative datasets covering individual-level and firm-level outcomes for the super-rich affected by the 2018 tax reform. At the individual level, we combine the universe of personal tax returns with data from the tax authority's *Pay-As-You-Earn* (PAYE) system, through which employers withhold Income Tax at source. These data cover tax years 1997 to 2020 and allow us to identify remittance basis users and obtain high-quality measures of their migration choices, incomes, tax liabilities, and other characteristics and outcomes.[9] At the firm

[8] The UK tax year runs from 6 April to 5 April and is named after the calendar year in which it ends. Thus, tax year 2018 ran from 6 April 2017 to 5 April 2018. We follow this convention throughout.

[9] As tax year 2020 ended on 5 April 2020, our data are largely unaffected by the Covid-19 pandemic.

level, we use a newly constructed dataset linking the universe of UK workers to the universe of UK businesses, allowing us to comprehensively measure firm outcomes. We describe our data sources and measurement in more detail below.

## 3.1 Measuring Non-dom Status and Remittance Basis Claims

We identify remittance basis users in the tax data, as taxpayers must declare their non-dom status and claim the remittance basis on their tax return. They must also report whether their unremitted income and gains exceed £2,000. As we are interested in individuals who derive substantial tax benefits from the regime, we focus on remittance basis users with unremitted income and gains above this threshold.

## 3.2 Measuring Migration

Our measure of migration tracks UK tax residence. We classify individuals as emigrants when they transition from UK tax residence to non-residence. This is the most relevant measure of migration for public finances, as residence (alongside domicile) determines an individual's tax liability. However, individuals may become non-resident without leaving the UK entirely, simply by reducing the number of days spent in the country below the residence threshold. Thus, our emigration measure entails a discrete change in tax liability but may reflect only a partial adjustment to an individual's physical presence in the UK, which is relevant for the wider economic effects of emigration. We investigate this possibility in Section 6.

To determine tax residence in a given year, we combine all available data sources. Individuals who file a tax return are resident unless they declare non-residence. We also classify individuals appearing only in PAYE data as resident, unless their income exceeds the personal allowance but they pay no Income Tax, indicating an "NT" (no tax) tax code generally reserved for non-residents. Individuals absent from all data sources are classified as non-resident, unless they are reported as deceased or under the age of 18.[10]

To identify the individuals affected by the 2018 reform, we count how many of the previous 20 years they were UK resident, combining our annual residence measure described above with the month and year of arrival in the UK reported on their tax returns. If arrival predates an individual's first appearance in the tax records, we assume continuous residence between arrival and first observation.

[10]Individuals appearing only in PAYE data with zero or missing income are classified as non-resident, as they have most likely not been deleted from the payroll data by the employer despite no longer working there.

### 3.3 Measuring Income and Tax Liability

To measure income, capital gains, and tax liability, we use data from tax returns or PAYE records if no return is filed.[11] The data are not topcoded, which is important when studying the top of the distribution. Our standard measure of income includes taxable income from employment, self-employment, partnerships, and pensions ("earnings"), and taxable income from investment including interest, rent, and dividends ("investment income"). Taxpayers must also report the source country of any foreign income they declare. Our measure of capital gains includes all taxable gains, consisting of realised gains on most types of assets except the main home and transfers to spouses or upon death. Our main tax measure is Income Tax liability, calculated by the tax authority from tax returns and PAYE records. We also account for the lump-sum charge that individuals must pay to use the remittance basis after at least seven years of UK residence.

UK residents domiciled in the UK must report and pay tax on their worldwide income and gains. This generally also applied to non-doms except when claiming the remittance basis. Remittance basis users must only report their UK-source income and gains, foreign earnings (even if not taxable in the UK),[12] and foreign investment income and gains remitted to the UK.[13] We therefore cannot directly observe their unremitted foreign investment income and gains.

We impute remittance basis users' unreported investment income and gains using data on the worldwide investment income and gains of taxpayers with similar characteristics who cannot claim the remittance basis because they are UK domiciled. Appendix C describes our methodology in detail. The approach involves three steps.

First, we estimate a lower bound on unremitted investment income and gains based on the costs of claiming the remittance basis: forfeiting UK tax-free allowances and paying a fixed charge after at least seven years of residence. Adding this to UK-reported investment returns (UK-source returns and remittances) yields a lower bound on *worldwide* investment income and gains.

Second, from the universe of personal tax records, we select a comparison pool of UK-domiciled taxpayers ("UK doms") who (i) report at least as much investment income and gains as the remittance basis user's estimated lower bound and (ii) have similar earnings, local house prices, age, sex, and industry. Our main approach uses regression adjustment with inverse probability weighting (Wooldridge, 2007), although simple regression adjustment yields similar results. This assumes that total

[11] Individuals must file a tax return if they have taxable income or gains on which the appropriate tax has not been deducted at source, or if total taxable income exceeds £100,000, regardless of tax already deducted.

[12] Foreign earnings are an exception to the rule that only *taxable* income and gains must be reported.

[13] This includes income and gains arising in previous years while the individual was UK resident and claiming the remittance basis.

investment income and gains can be predicted from these observable factors and that (taxable) investment income and gains are fully observed for UK doms.

Third, we impute the average investment income and gains of the comparison pool to each remittance basis user. We then add their reported earnings, including foreign earnings not taxable in the UK, to obtain their worldwide income and gains.

We use an analogous approach to estimate the additional tax remittance basis users would pay if the regime were abolished. Rather than applying headline tax rates, this approach accounts for tax planning and avoidance strategies reflected in the tax liabilities of UK doms, which remittance basis users might also adopt.

Our approach may underestimate unreported foreign investment income and gains in some respects, as discussed in Appendix C. Such underestimation would lead us to overestimate the responsiveness of migration to tax changes.

## 3.4 Measuring the UK Footprint of Emigrants

In Section 6, we assess the extent to which changes in tax residence reflect partial adjustments in physical presence, using data from the tax returns that around two-thirds of emigrants continue to file after leaving. Non-residents are required to file a UK tax return if they receive rental income from UK property or work in the UK without being employees (e.g., as directors or self-employed). Those required to file must report all their UK investment income, even though this is generally not subject to UK tax. Some emigrants also file voluntarily, either to actively declare their non-resident status or because the tax authority continues to issue returns based on their previous residence. In addition to their UK-source income, non-resident filers must report the number of days spent in the UK during the tax year, allowing the tax authority to verify their residence status.

## 3.5 Measuring Outcomes of Businesses and Workers

In Section 7, we estimate the effect of top-manager emigration following the reform on the performance of businesses in which they hold leading roles and the income of employees at those businesses. This analysis is enabled by the *CenTax Business-to-Worker Register* – a new dataset linking, for the first time, the universe of UK workers to the universe of UK businesses. It is the result of a major data construction effort combining numerous administrative datasets and external data sources. In a companion paper (Advani et al., 2026), we detail how we built the dataset and benchmark it against official statistics. The key data sources for our analysis are PAYE records linking employees to businesses, SA102 tax returns and the Directors Spine linking directors to companies, and corporation tax returns measuring firm-level outcomes such as turnover, payroll, investment, and profits.

# 4 The UK's Globally Connected Super-rich

Over our sample period, between 24,000 and 30,000 individuals claim the remittance basis each year (Appendix Figure A1). When the reform we study was announced in 2015, around 3,200 had been UK resident for at least 15 years and would therefore lose access to the special tax status (Appendix Figure A2). This subset has particularly high foreign income and wealth because individuals who have been UK resident for at least seven years must pay an annual charge of at least £30,000 to use the status.

Before studying the emigration response of affected individuals, we document their baseline incomes and capital gains, economic activities, and global connections. Figure 1 summarises these descriptive results. We use data from 2015, the final tax year before the 2018 reform was announced, and focus on taxpayers who claimed the remittance basis that year and had been resident for at least 15 of the last 20 years.[14]

**Income and Capital Gains.** Panel (a) of Figure 1 shows average UK- and foreign-source income and capital gains among remittance basis users affected by the reform. Three facts stand out. First, their income and gains are extremely high. Mean *UK* income and gains total £700,000, alongside £35,000 in foreign earnings. In addition, we estimate that they have £1.5m in unreported foreign investment returns, bringing mean worldwide income and gains to £2.2m. Strikingly, 99% of treated remittance basis users are in the top 1% and 72% in the top 0.1% of the UK income distribution when including foreign investment income.[15] They are thus not only globally connected but clearly among the richest individuals.[16]

Second, remittance basis users receive the vast majority of investment returns abroad. This is consistent with the incentives created by taxing UK investment but not foreign investment. On average, foreign investment income and gains are more than seven times as large as those arising inside the UK (£1.5m vs. £200,000).

Third, although they receive large returns on capital, treated remittance basis users also have substantial amounts of labour income. Average earnings are £530,000 – enough to put someone into the top 0.1% of the UK income distribution by itself. This suggests that they provide valuable human capital to the UK economy.

Panel (b) shows a U-shaped relationship between foreign investment returns and UK-reported income among treated remittance basis users. The top two percentiles by UK income average £3.4m in unreported income and gains, alongside £11.5m in

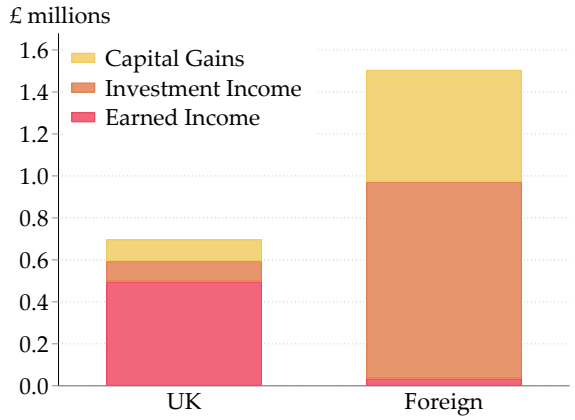
[14] Appendix Figure A3 compares these graphs for remittance basis users in the treatment group (resident for 15–20 years) and control group (resident for 10–14 of the previous 20 years).

[15] Even considering only UK-reported income, 53% are in the UK's top 1% and 27% in the top 0.1%.

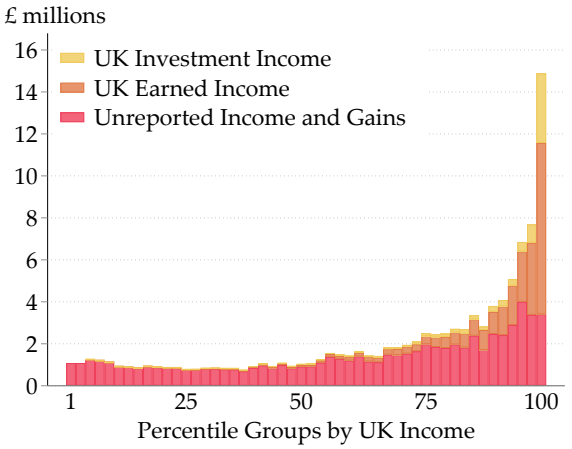
[16] Conversely, claiming the remittance basis is very common among high-income individuals. 19% of the top 0.1% use the remittance basis, compared with 4% in the top 0.1–1%, and just 0.01% in the bottom 99%. In related work, we show that 40% of those with income above £5m have at some point claimed non-dom status (Advani et al., 2022). Among high-income *migrants*, this share exceeds 80%.

**Figure 1: Pre-reform Characteristics of Super-rich in Treatment Group**

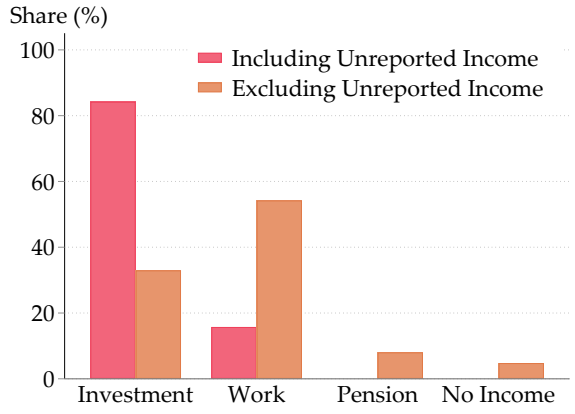
(a) Mean UK- and Foreign-Source Income and Capital Gains



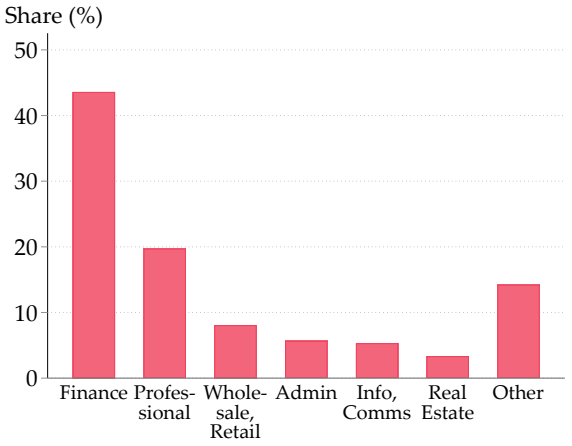

(b) Worldwide Income and Gains by UK-Reported Income




(c) Main Source of Income




(d) Industry

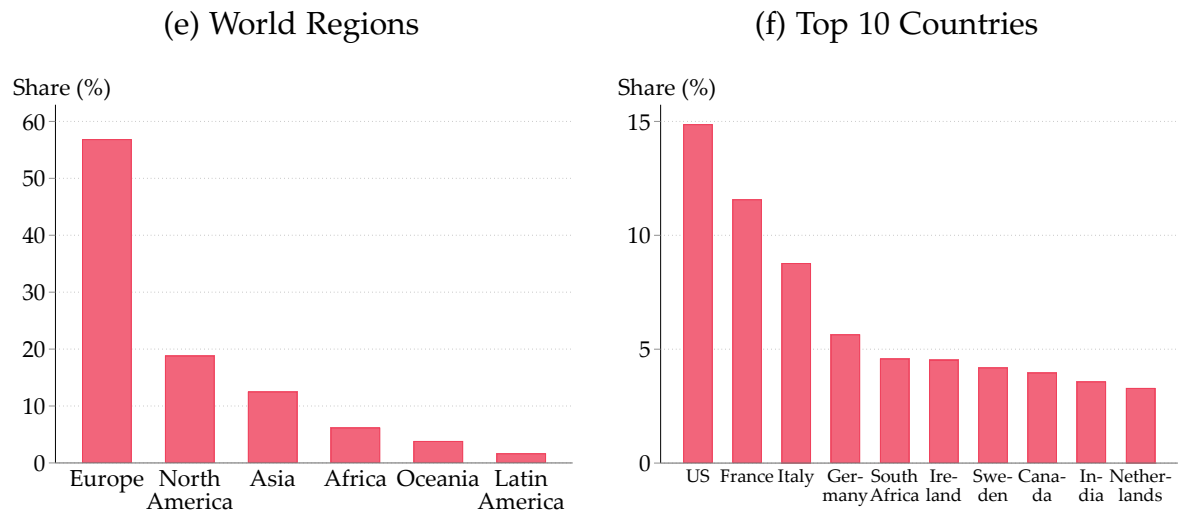



UK income. Across the top decile, mean unreported income and gains are £3.2m. However, they are also higher in the bottom decile (£1.1m) than anywhere else in the bottom half of the distribution. This U-shape is mirrored in local house prices: those in the bottom decile live in the most expensive areas, with average house prices of £1.6m, compared with £1.3m for the middle 80% and £1.5m for the top decile.[17] Despite reporting income below £1,000 to the tax authority, individuals in the bottom decile live in very expensive areas and pay a large lump-sum fee to use the remittance basis. This implies they have substantial wealth abroad and fund UK spending by transfers of clean capital from foreign accounts or sustained family support.

**Economic Activities.** Panel (c) shows the share of treated remittance basis users by main source of income. Including unreported foreign income, over 80% receive most

[17] House prices in these areas are about five times the UK average of £274,000.

**Figure 1: Pre-reform Characteristics of Super-rich in Treatment Group (Cont.)**




**Notes:** Characteristics of remittance basis users who have been UK resident for at least 15 of the last 20 years and are thus affected by the 2018 reform. Data are from 2015, the last full tax year before reform announcement. UK income and gains, including foreign-source income and gains remitted to the UK, and foreign earnings are reported in tax filings. Unreported foreign investment returns are estimated (see Section 3.3). Main source of income is identified from largest income source across employment, self-employment, partnerships, or owner-managed companies (grouped in "Work"), investment income, and pension income. "No income" represents those who report exactly zero income. Industry classification according to the Standard Industrial Classification (SIC) 2007 version is based on the largest source of earned income. Nationality as reported in the Migrant Worker Scan, supplemented by information from tax form SA109. For individuals reporting both a UK and foreign nationality, we use the foreign nationality.
**Source:** Authors' calculations based on HMRC administrative datasets.

of their worldwide income from investments. Excluding unreported income, work is the main source of income for over half, while one-third still rely primarily on investments and another 5% report no UK income at all. This confirms that investments are concentrated abroad, although some also hold substantial UK investments.

Panel (d) shows that treated remittance basis users are strongly concentrated in "City-type" jobs. More than 60% work in finance or professional services such as law, consulting, and accounting. These industries offer particularly high pay relative to opportunities abroad (Advani et al., 2025). This industrial composition explains why 76% of treated remittance basis users live in London and another 12% in Southeast England, where these jobs are concentrated.[18]

**Global Connections.** Panels (e) and (f) show the nationality composition of treated remittance basis users. While they come from across the world, 57% are European and another 23% come from "Anglosphere" countries in North America or Oceania,

[18]Smaller clusters of non-doms elsewhere in the UK are similarly centred around high-paying local industries: sport in Manchester, higher education and research in Oxford and Cambridge, and petrochemicals in Aberdeen (Advani et al., 2022).

together accounting for four-fifths of those with known nationality. France, Italy, and Germany are the largest European source countries, while the US dominates among Anglosphere countries. South Africa and India are the only countries outside Europe and North America in the top 10. Except for the US, the UK generally offers higher pay for the City-type jobs common among remittance basis users, making it an attractive destination for work.

**International Mobility.** Despite having lived in the UK for at least 15 years, treated remittance basis users remain highly internationally mobile. Before the reform, annual emigration rates consistently exceed 4% (Figure 2, Panel (b)). This suggests these individuals have strong international ties, in line with their claim to have their permanent home outside the UK. These emigration rates are substantially higher than those of other high-income or high-wealth groups studied in the literature (e.g., Akcigit et al., 2016; Muñoz, 2023; Jakobsen et al., 2026), raising the question of whether their migration decisions are also more responsive to tax changes.

# 5 Emigration Responses to Taxation

Having established that remittance basis users affected by the 2018 reform are internationally connected and have very high labour and investment income, we examine their emigration responses to this large tax increase. We focus on emigration because the reform targets long-term residents who have lived in the UK for at least 15 years and does not directly affect new arrivals.[19] To shed light on the economic and fiscal implications of tax-induced emigration, we assess both the overall emigration response and which individuals are most likely to leave.

We first explain our difference-in-differences strategy and present graphical evidence of emigration responses to the reform. We then estimate the emigration elasticity in a regression framework and examine heterogeneity in responses.

## 5.1 Identification and Graphical Evidence

**Identifying Variation.** The 2018 reform removed access to the remittance basis for individuals who had been UK resident for at least 15 of the last 20 years. Since most of their worldwide income arose abroad, where it went largely untaxed, bringing foreign income into the scope of UK taxation substantially increased their tax liability.

As the reform did not change the tax treatment of remittance basis users below the 15-year threshold, it provides exogenous variation in tax liability within this group of

[19] Recent research finds that emigration is much more responsive to tax changes than immigration (Jakobsen et al., 2026; Rubolino and Giommoni, 2023), suggesting that our focus on emigration captures most of the overall migration response.

high-income and high-wealth individuals. This allows us to construct a control group of unaffected individuals with characteristics very similar to those of the treatment group (Appendix Figure A3). This is a key strength of our identification strategy, as it allows us to flexibly account for confounding events, such as policy changes affecting rich or foreign individuals, which is difficult when using a control group from further down the distribution, as is common in the literature.

The large tax change, the focus on individuals at the very top of the income and wealth distributions, and the arbitrary 15-year cutoff providing variation among otherwise similar individuals make this a compelling setting to study the international migration responses of the super-rich to taxation.

**Difference-in-Differences Approach.** We use a difference-in-differences design to estimate emigration responses to the tax increase, comparing changes in emigration rates before and after the reform between affected individuals and those with slightly shorter UK residence who did not yet face a tax change. The identifying assumption is that, absent the reform, emigration rates in the treatment and control groups would have followed parallel trends. We assess the plausibility of this assumption by examining their pre-reform trends.

Following Kleven et al. (2014), we analyse emigration responses at the aggregate level, collapsing observations into group-year cells. We calculate annual emigration rates in the treatment and control groups as the share of individuals who were UK resident and claimed the remittance basis in the previous year but are non-resident in the current year. The treatment group consists of remittance basis users who have been resident for 15–20 of the previous 20 years, while our main control group includes those resident for 10–14 years. We define these groups annually as repeated cross-sections, keeping their distance to the 15-year threshold constant over time. This ensures consistent measurement of emigration rates over time, allowing us to examine pre-trends and detect changes in emigration patterns following the reform.[20]

For post-reform years 2019 and 2020, we define treatment and control groups based on remittance basis claims in 2017, as affected individuals could no longer claim the remittance basis from 2018. This means our approach also captures delayed emigration responses to the reform. Our analysis is largely unaffected by the Covid-19 pandemic, as the final tax year in our data ended on 5 April 2020.

Our choice of control group balances similarity in years of UK residence, which makes it more likely that treatment and control groups are exposed to common shocks, against the need for a sufficiently large sample to obtain precise estimates.

[20]This simple and transparent approach is preferable to following the same individuals over time. The latter would require assigning treatment status either close to the reform, precluding the examination of pre-trends by construction, or several years earlier, risking misclassification of treatment status and attenuation bias.

Appendix Figure A5 shows that our emigration elasticity estimates are robust to the control group definition, except when restricting it to individuals resident for exactly 14 years. This yields a lower elasticity, consistent with anticipatory emigration among individuals who will themselves lose access to the remittance basis the following year.

**Tax Change.** Using our difference-in-differences approach, we assess the magnitude of the tax increase caused by the reform. Panel (a) of Figure 2 shows the evolution of effective average tax rates on *worldwide income* in the treatment group and control group. Before the reform, when both groups are taxed on the remittance basis, tax rates are very low, ranging from 15% to 20%. This compares with headline average rates of over 45% at these income levels, highlighting the generosity of the remittance basis. Tax rates are similar and evolve in parallel across the two groups.

Following the reform, the average tax rate in the treatment group jumps to 31% and remains elevated, while that of the control group remains relatively flat. Thus, the reform substantially reduces the post-tax income of affected individuals. To give a sense of scale, 15–20% is among the lowest effective tax rates in the OECD for a top-income individual receiving half their income from earnings and half from dividends, while 31% is close to the median (Hourani et al., 2023).

In Appendix D, we estimate the reform's effect on income reported and tax paid in the UK among the super-rich who remain resident, confirming that the reform causes a very large tax increase.

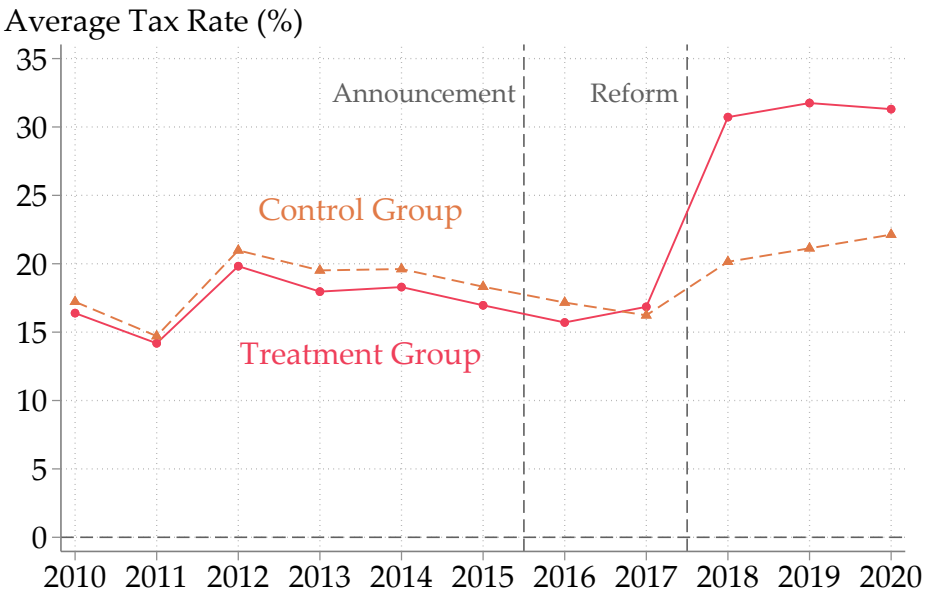
**Emigration Response.** Panel (b) of Figure 2 presents graphical evidence of emigration responses to the 2018 tax reform. Focusing on the period before the reform's announcement, two facts stand out. First, emigration rates are lower in the treatment group (4–6%) than in the control group (7–9%), as expected given the longer UK residence of treated individuals. Second, despite differing in levels, emigration rates in both groups follow similar pre-announcement trends, providing empirical support for the parallel trends assumption underlying our difference-in-differences strategy.

After the reform, we find clear evidence of a temporary increase in emigration among treated individuals. Their emigration rate begins to rise following the announcement, reaching 10% when the reform takes effect in 2018. However, it falls back to pre-reform levels over the following two years. This suggests that individuals wishing to leave in response to the reform did so immediately after implementation, having had time to prepare, with emigration rates subsequently returning to baseline. Meanwhile, emigration rates in the control group increase moderately but remain within their pre-reform range.

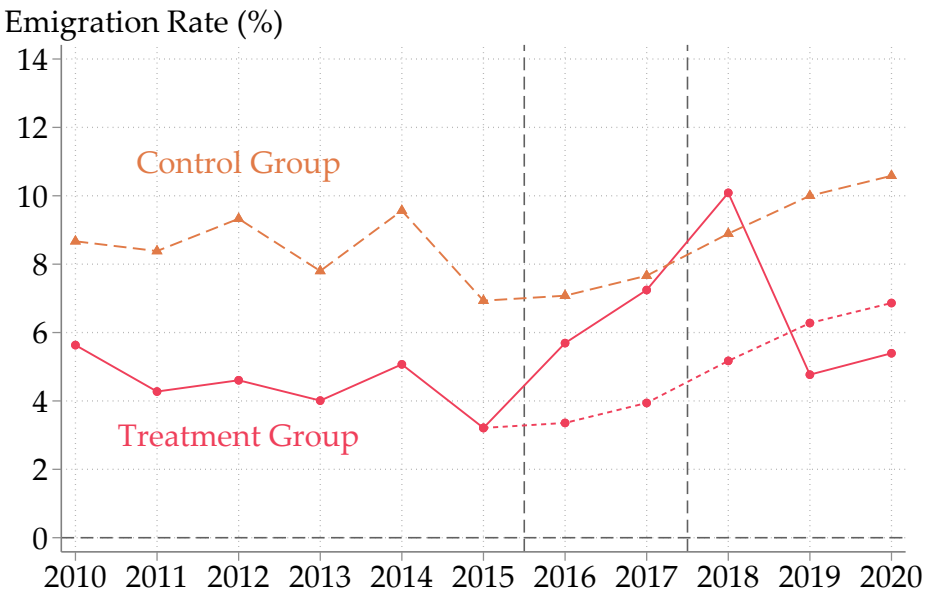
**Effect Dynamics.** If our interpretation of the effect dynamics is correct, we should observe a sizeable increase in emigration rates whenever remittance basis users reach

**Figure 2: Emigration Response to the 2018 Reform**

(a) First Stage: Average Tax Rate




(b) Reduced Form: Emigration Rate




**Notes:** Panel (a) shows the evolution of the average tax rate in the treatment and control group over time. Panel (b) shows the evolution of the emigration rate. Treatment group includes remittance basis users who have been UK resident for 15–20 of the previous 20 years and thus lost access to the remittance basis as a consequence of the deemed domicile reform. Control group includes remittance basis users who have been UK resident for 10–14 years over the same period and therefore were not affected. Groups are defined year-by-year, so they retain the same distance to the 15-year threshold over time.
**Source:** Authors' calculations based on HMRC administrative datasets.

15 years of UK residence in the post-reform period. By contrast, emigration rates should return to pre-reform levels for individuals who previously lost access to the remittance basis. Appendix Figure A4 shows emigration rates by years of UK residence, splitting the treatment group into individuals resident for 15, 16–18, and 19–20 of the previous 20 years.[21]

The figure supports our interpretation. Emigration rates in the 16–18- and 19–20-year groups, which were affected immediately when the reform took effect in 2018, rise gradually from 2016, peak in 2018, and return to pre-reform levels in 2019 and 2020. By contrast, emigration rates in the 15-year group, comprising individuals newly affected by the loss of the remittance basis in each post-reform year, remain elevated throughout 2018–2020. This suggests that individuals who first became affected in 2019 or 2020 responded similarly to those affected in 2018. The similar dynamics across individuals affected at different times indicate that these emigration patterns are driven by the tax change rather than concurrent trends.

**Stock Effect.** The evidence suggests that the reform caused a one-off reduction in the number of super-rich living in the UK without triggering a persistent increase in outflows. To quantify the cumulative effect on the stock of UK-resident super-rich, we sum the changes in emigration across all years following the reform's announcement. Our central estimate uses the difference-in-differences framework to construct counterfactual emigration rates for the treatment group based on the post-reform trend in the control group (displayed as the red dashed line in Panel (b) of Figure 2). Summing the differences between observed and counterfactual emigration rates across all post-announcement years, we estimate that removing access to the remittance basis reduced the number of affected super-rich in the UK by 7.6%. Dividing this by the 18.9% drop in the net-of-average-tax rate (Table 1) yields a stock elasticity of 0.40.

This result is consistent with existing estimates of international migration responses to taxation (Kleven et al., 2020), despite the greater wealth, stronger international connections, and higher baseline mobility of our population. Our elasticity estimate for the globally connected super-rich falls between estimates for domestic and foreign high-income or high-wealth individuals in the literature (Kleven et al., 2013, 2014; Akcigit et al., 2016; Muñoz, 2023; Jakobsen et al., 2026).

## 5.2 Emigration Elasticity

**Estimation.** Having presented clear graphical evidence of emigration responses to the 2018 reform, we turn to quantifying the more commonly reported elasticity of (short-run) emigration *flows*. We estimate the semi-elasticity of the emigration rate

[21] Statistical disclosure rules require us to pool years 2010–2012, 2013–2015, and 2016–2017 for the 15-year group to ensure that the number of leavers is not disclosive.

with respect to the net-of-tax rate using the following two-stage least squares (2SLS) specification:

$$E_{gt} = \eta \times \log(1 - \bar{\tau}_{gt}) + \mu_g + \lambda_t + \varepsilon_{gt}, \tag{1}$$

where $E_{gt}$ is the emigration rate in group $g$ in year $t$, with $g \in \{\text{treatment, control}\}$, $\mu_g$ denotes group fixed effects, $\lambda_t$ denotes year fixed effects, and $\varepsilon_{gt}$ is the idiosyncratic error term. To estimate the elasticity using only tax variation induced by the reform, we instrument the log net-of-average-tax rate, $\log(1 - \bar{\tau}_{gt})$, with the (static) difference-in-differences treatment indicator, $\mathbb{1}\{t \geq 2018\} \times T_g$, where $T_g$ is the treatment group indicator equal to one for remittance basis users resident for at least 15 of the previous 20 years. Group fixed effects absorb time-invariant differences in emigration rates between treatment and control groups, while year fixed effects control for policy and economic shocks affecting both groups similarly. The target parameter $\eta$ is the semi-elasticity measuring the percentage-point change in the emigration rate in response to a 1% increase in the net-of-average-tax rate. We refer to this as the "emigration elasticity" hereafter. We use heteroskedasticity-robust standard errors, as grouped estimation eliminates the need for clustering (e.g., as in Kleven et al., 2014).

To avoid endogeneity from income or composition effects of the reform, we calculate post-reform net-of-average-tax rates for treated individuals based on the tax they would face if their pre-reform worldwide income were taxable in the UK. We estimate these hypothetical tax liabilities using the same approach as for unremitted income (Section 3.3), accounting for tax planning strategies available to UK-domiciled individuals that treated individuals may adopt after losing access to the remittance basis. This yields more realistic measures of post-reform tax rates than using headline rates.

Finally, we exclude tax years 2016 and 2017, between reform announcement and implementation, from the estimation sample because we observe anticipatory emigration before tax liabilities increase, which would bias our elasticity estimates.

**Elasticity Estimates.** Table 1 reports our headline estimates of the emigration elasticity, as well as first-stage and reduced-form results. We focus first on the specification using 3-year emigration rates in Panel A. Individuals losing access to the remittance basis experience an 18.9% drop in the net-of-average-tax rate, representing a steep decline in the share of worldwide income they can keep after tax. This gives us a strong first stage, particularly because the reform has a large impact on tax liability relative to *total income*, which ultimately matters for location choices, rather than just smaller tax bases such as capital income.

The reform causes a significant short-term increase in the emigration rate among treated individuals of 6.2 percentage points. Taking the Wald ratio of the reduced-form and first-stage estimates yields an emigration flow elasticity of $-0.33$. The 95% confidence interval rules out elasticities below $-0.44$ and above $-0.21$. Thus, a 1%

**Table 1: Emigration Elasticity**

| | (1) First Stage: Net-of-Average-Tax Rate | (2) Reduced Form: Emigration Rate | (3) 2SLS: Semi-Elasticity |
|---|---|---|---|
| **Panel A: 3-Year Emigration Rate** | | | |
| Treated × post-2018 | –0.189*** | 0.062*** | |
| | (0.017) | (0.010) | |
| Semi-elasticity | | | –0.327*** |
| | | | (0.045) |
| Group-year cells | 14 | 14 | 14 |
| Individual-year obs. | 38,731 | 38,731 | 38,731 |
| **Panel B: 2-Year Emigration Rate** | | | |
| Treated × post-2018 | –0.189*** | 0.059*** | |
| | (0.017) | (0.013) | |
| Semi-elasticity | | | –0.312*** |
| | | | (0.052) |
| Group-year cells | 14 | 14 | 14 |
| Individual-year obs. | 34,865 | 34,865 | 34,865 |
| **Panel C: 1-Year Emigration Rate** | | | |
| Treated × post-2018 | –0.157*** | 0.053*** | |
| | (0.006) | (0.008) | |
| Semi-elasticity | | | –0.339*** |
| | | | (0.048) |
| Group-year cells | 14 | 14 | 14 |
| Individual-year obs. | 32,091 | 32,091 | 32,091 |
| Group fixed effects | ✓ | ✓ | ✓ |
| Year fixed effects | ✓ | ✓ | ✓ |

**Notes:** Aggregate-level IV estimates of the semi-elasticity of the emigration rate with respect to the net-of-average-tax rate, exploiting the 2018 reform. First-stage estimate captures the effect of the reform on the net-of-average-tax rate. Reduced-form estimate shows the effect on the emigration rate. 2SLS estimate of the migration semi-elasticity $\eta$ is the percentage-point change in the emigration rate in response to a 1% increase in the net-of-average-tax rate, obtained from estimating Equation (1). All specifications include group and year fixed effects. Heteroskedasticity-robust standard errors in parentheses. Panel A, B, or C uses the 3-year, 2-year, or 1-year emigration rate as outcome variable, respectively. Treatment group consists of remittance basis users who have been UK resident for 15–20 of the last 20 years. Control group includes remittance basis users who have been UK resident for 10–14 of the last 20 years. $^{*}$ $p < 0.10$, $^{**}$ $p < 0.05$, $^{***}$ $p < 0.01$.
**Source:** Authors' calculations based on HMRC administrative datasets.

decrease in the net-of-average-tax rate temporarily increases the emigration rate of the super-rich by around 0.3 percentage points.

Panels B and C report estimates using 2-year and 1-year emigration rates, respectively, yielding similar elasticities between $-0.31$ and $-0.34$. The similar reduced-form increases of 5–6 percentage points across all three horizons support our interpretation that the rise in emigration is a one-off effect rather than a sustained increase.

**Robustness Checks.** Our main approach compares remittance basis users resident for 15–20 years (treatment group) with those resident for 10–14 of the previous 20 years (control group). Appendix Figure A5 shows that our elasticity estimates are robust to alternative treatment and control group definitions.[22] While the confidence intervals are wider due to smaller sample sizes, almost all point estimates lie between $-0.4$ and $-0.2$. The exception is when we restrict the control group to individuals resident for 14 years, who will themselves lose access to the remittance basis the following year, yielding an elasticity of $-0.10$. This lower magnitude suggests that some individuals emigrate one year before being affected, potentially due to optimisation frictions from professional or personal commitments (e.g., children's school transfers). The absence of a gradient across treatment group definitions suggests there is little variation in migration responsiveness among long-term residents.

An important input to our emigration elasticity estimates is the magnitude of the tax change induced by the reform, which depends on our estimates of treated individuals' effective average tax rates on worldwide income before and after the reform. Rather than assuming that they pay statutory top tax rates on all their income after losing access to the remittance basis, we estimate their tax liability based on that of similar UK-domiciled individuals. To assess the plausibility of our first-stage estimates, we compare the *predicted* change in tax liability with the *observed* change among individuals who *stay* in the UK. We expect the observed increase to be smaller because treated individuals may have brought forward capital income distributions between announcement and implementation and reduced them afterwards, consistent with evidence of sizeable retiming responses to pre-announced reforms (Browne and Phillips, 2017; Bach et al., 2024).

Nevertheless, Appendix Figure D1 shows that the reform substantially increases UK taxes paid by stayers, by 51%, with the effect growing over time, consistent with our retiming hypothesis. Scaling our estimates of worldwide income and corresponding hypothetical tax liabilities by the ratio of observed to predicted tax changes yields a 10.8% reduction in the net-of-average-tax rate. Using this first-stage estimate produces an emigration elasticity of $-0.57$ (Appendix Table A1). As discussed above, this approach underestimates the tax change and thus overestimates the magnitude of the emigration elasticity. Therefore, we interpret it as an upper bound (in absolute terms) and prefer our main estimate.

[22] We bin treated individuals into 2-year groups because some single-year groups are relatively small, resulting in noisy estimates.

## 5.3 Heterogeneity in Emigration Elasticity

While the overall emigration elasticity is moderate, the economic and fiscal consequences of tax-induced emigration also depend on whether more responsive individuals have higher or lower pre-reform incomes and tax liabilities. We examine heterogeneity in the elasticity by splitting the sample into subgroups and repeating our estimation procedure. Figure 3 shows elasticity estimates by economic activity in the UK, local house prices, and age. We also estimate separate responses by nationality to verify that the UK's withdrawal from the European Union does not confound our results.

**UK Economic Activity.** Individuals with higher *UK* incomes are less responsive to the reform. Dividing our sample into those in the bottom 99%, top 1–0.1%, and top 0.1% of the UK income distribution based on UK-reported income, we find smaller elasticities in magnitude among those with higher incomes. As discussed in Section 4, this UK income largely comes from work, often in industries offering higher salaries in the UK than in potential migration destinations. Thus, even after a reduction in net-of-tax income, higher lifetime earnings in the UK may make emigration unattractive.

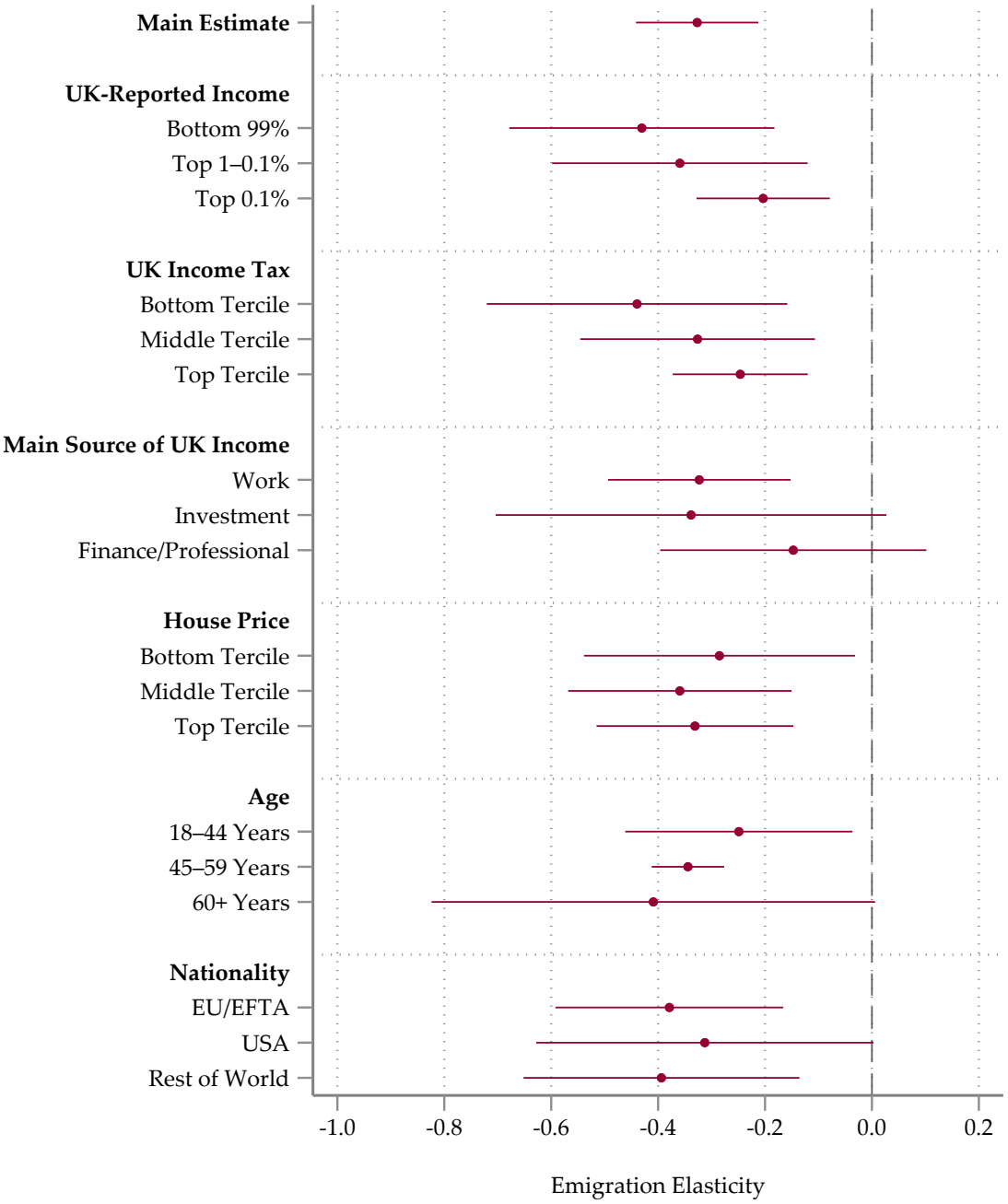
This is also evident from heterogeneity by main source of UK income. Elasticities are similar for those deriving most of their UK income from work or investments, but much smaller among individuals working in finance and other professional services. The elasticity in these industries is half the aggregate estimate.

This pattern is also reflected in UK Income Tax liabilities. Across terciles of tax paid, individuals in the lowest tercile are most responsive. Since tax liabilities increase with UK-source income, these individuals have weaker economic ties to the UK. Consistent with this, treated emigrants' pre-reform tax liabilities were 61% lower than those of treated stayers. Consequently, the revenue loss from post-reform emigration is smaller than the overall emigration elasticity alone might suggest.

**House Price.** By contrast, the emigration elasticity does not vary with median house prices in individuals' local areas, which provide a proxy for their worldwide resources. As wealthier individuals tend to receive a larger share of their income abroad and thus face larger declines in their net-of-tax rate, they are still more likely to leave in response to the reform. However, there is no evidence of a non-linear response among those facing particularly large tax increases, consistent with Jakobsen et al. (2026), who find similar elasticities across wealth levels.

Together with our findings on heterogeneity by UK economic activity, this suggests that individuals with different levels of *global* income respond similarly to tax changes, while those with higher *UK-based* income are less likely to emigrate due to their stronger ties to the local economy.

## Figure 3: Heterogeneity in Emigration Elasticity




**Notes:** Heterogeneity in the emigration elasticity by UK-reported income, UK Income Tax, main source of UK income, house price, age, and nationality. Terciles are defined with respect to the distribution in the treatment group. "Work" includes those with main source of income from employment, self-employment, partnerships, or owner-managed companies. "Finance/Professional" includes people working in financial and insurance activities as well as professional, scientific and technical activities based on the Standard Industrial Classification (SIC) 2007 version. House price is measured as the median house price in the Lower layer Super Output Area (LSOA) that individuals reside in according to the personal address reported on the tax return. Median house prices by LSOA are compiled by the Office for National Statistics (ONS). Nationality as reported in the Migrant Worker Scan, supplemented by information from tax form SA109. Elasticity estimates are obtained by restricting the sample to the corresponding subgroup and then following the IV approach described in Section 5.2. Standard errors are heteroskedasticity-robust.
**Source:** Authors' calculations based on HMRC administrative datasets.

**Age.** Older individuals are more responsive to tax changes. Two factors may explain this. First, younger individuals are more likely to have school-aged children and thus face higher moving costs.[23] Second, older individuals are closer to retirement, so future UK earnings account for a smaller share of their lifetime resources, reducing the opportunity cost of leaving.

**Nationality.** We find very similar emigration elasticities for EU/EFTA nationals and the rest of the world. Our difference-in-differences strategy already controls for confounding events, as treatment and control groups have similar characteristics, including nationality (Appendix Figure A3). The similar elasticities further alleviate concerns that our results are affected by the Brexit referendum in June 2016 and the UK's subsequent withdrawal from the EU, a process completed on 31 December 2020.[24]

Since US federal tax rates are generally lower than UK tax rates, the remittance basis provides substantial tax savings for US citizens despite their worldwide taxation (see Appendix Section B.4 for details). The large number of US citizens claiming the remittance basis provides revealed-preference evidence of these benefits (Figure 1). However, as the tax savings are smaller than for non-US citizens, we likely overestimate the decline in the net-of-tax rate for this group. This is consistent with the lower estimated elasticity for US citizens ($-0.31$) than for EU nationals ($-0.38$) or the rest of the world ($-0.39$), although all confidence intervals overlap.

# 6 The Economic Footprint of Emigrants

We now turn from emigration responses to what emigration means in practice. While theoretical and empirical work on top-end migration typically assumes that migration involves wholesale relocation (Piketty and Saez, 2013; Kleven et al., 2020), many countries allow individuals to become non-resident for tax purposes while retaining a significant footprint in the country. Discrete changes in tax residence may therefore reflect only partial adjustments in physical presence.

In this section, we use detailed data on the UK footprint of non-residents to assess how the economic and fiscal contributions of the super-rich depend on their tax residence. We focus on individuals affected by the reform who emigrate in 2018, whom we refer to as "tax-induced emigrants" for brevity. For comparison, we also examine post-migration outcomes among similar super-rich emigrants unaffected by the reform, whom we call "not-tax-induced emigrants."[25]

[23] UK tax data do not allow us to directly observe which individuals have children.

[24] We note that Brexit did not change the right to remain for individuals already living in the UK.

[25] Consistent with our analysis of emigration responses, tax-induced emigrants are remittance basis users resident for 15–20 of the previous 20 years; not-tax-induced emigrants are remittance basis users resident for 10–14 years. Our setting is particularly well suited to studying the consequences of tax-

After explaining how we measure the outcomes of non-residents, we examine descriptively where super-rich emigrants move and how much time they continue to spend in the UK. We then estimate the effects of emigration on their UK income from work and investments and their UK tax liability, and compare tax-induced with not-tax-induced emigration.

## 6.1 Measuring Outcomes of Non-residents

To assess the effects of emigration on individuals' UK footprint, we need to measure their UK-based outcomes after they emigrate. For most emigrants, we observe UK incomes, tax payments, number of days spent in the UK, and destination countries from the tax return they file as non-residents.[26] For emigrants who do not file a UK tax return, we impute zeros for all income and tax outcomes.[27] This is accurate for earnings, as UK earnings must be reported, but may underestimate investment income (at the extensive margin), as investment income other than rental income need not be reported if there is no other reason to file a tax return. In our analysis of destination countries and days spent in the UK, we focus on emigrants who file a UK tax return, without imputing data for those who do not.

## 6.2 Destination Countries

To understand how the super-rich shift their tax residence in response to tax changes, we examine the destination countries of tax-induced emigrants. From a theoretical perspective, it is unclear whether tax-motivated emigrants choose destinations with particularly low tax burdens or instead move to countries for which they have non-tax-related preferences, such as their countries of origin. We investigate this by splitting destination countries into three groups: (i) home countries (proxied by nationality); (ii) low-tax countries offering very low or zero personal tax rates or preferential tax regimes for foreign arrivals; (iii) all other countries.[28]

Figure 4 shows that a large share of tax-motivated emigrants – around 43% – move to a low-tax country (25% to a country offering a preferential tax regime and 18% to a country with very low or zero personal tax rates). Strikingly, the share moving to a

motivated emigration because, as shown above, the reform induced half of the 2018 departures among affected individuals. Since some affected emigrants would have left even in absence of the reform, this comparison likely understates the differences between tax-induced and not-tax-induced emigrants.

[26] See Section 3.4 for details on when non-residents file a tax return.

[27] The share of emigrants not filing a tax return is 24% in 2018, 38% in 2019, and 44% in 2020.

[28] If an individual's home country is a low-tax country, home country takes precedence. Our list of low-tax destination countries includes Bahamas, Belgium, British Virgin Islands, Cayman Islands, Gibraltar, Greece, Hong Kong, Ireland, Isle of Man, Italy, Jersey, Liechtenstein, Malta, Monaco, Netherlands, Portugal, Saint Kitts and Nevis, Singapore, Spain, Switzerland, and United Arab Emirates. This list is not exhaustive but covers all relevant destination countries.

**Figure 4: Destination Countries of Super-rich Emigrants**




**Notes:** Bar chart of the destination countries chosen by the super-rich emigrating in the post-reform period 2018–2020. Tax-induced leavers are remittance basis users who have been UK resident for 15–20 of the last 20 years. Not-tax-induced leavers are remittance basis users who have been UK resident for 10–14 of the last 20 years.
**Source:** Authors' calculations based on HMRC administrative datasets.

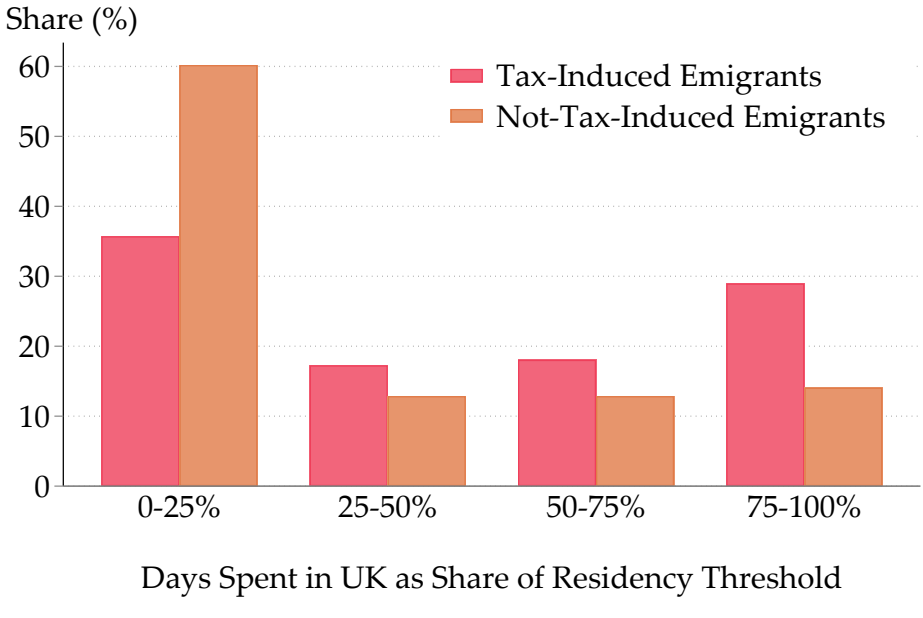
low-tax country is the same as the share returning to their home country. To assess whether this selection of destination countries is specific to individuals emigrating for tax reasons, Figure 4 also plots the destination countries of not-tax-induced leavers. We find that not-tax-induced emigrants tend to choose different destinations from tax-induced emigrants. A majority return to their home country after leaving the UK, while the share moving to a low-tax jurisdiction is just 23%.

The choice of small, low-tax jurisdictions by high-earning emigrants might seem puzzling: these countries typically do not have labour markets that are particularly well suited to supporting substantial high-paid domestic employment. This raises the question of the extent to which super-rich "emigrants" remain economically connected to the UK after departure.

## 6.3 Time Spent in the UK

Having shown that super-rich emigrants often move their tax residence to countries with very low taxes, we now assess the extent to which they shift their physical presence without fully uprooting their lives and economic activities. Below, we analyse the number of days tax-induced emigrants spend in the UK after they cease being tax resident. The ability to observe where the super-rich spend their time allows us

**Figure 5: Number of Days Spent in the UK After Emigration**




**Notes:** Histogram of the number of days super-rich emigrants spend in the UK after emigrating in the post-reform period 2018–2020, as a share of the day threshold above which an individual would obtain UK tax residency. Tax-induced leavers are remittance basis users who have been UK resident for 15–20 of the last 20 years. Not-tax-induced leavers are remittance basis users who have been UK resident for 10–14 of the last 20 years.
**Source:** Authors' calculations based on HMRC administrative datasets.

to provide valuable insights into their location choices beyond the binary choice of tax residence. We compute the number of days spent in the UK as a share of the maximum number of days an individual can spend without obtaining UK tax residency.[29] We aggregate the normalised day counts into four evenly spaced groups: 0–25%, 25–50%, 50–75%, and 75–100%.

Figure 5 shows the distribution of the number of days emigrants spend in the UK after leaving in the post-reform period 2018–2020, again separately for tax-induced and not-tax-induced emigrants. Tax-induced emigrants spend substantially more time in the UK after leaving than not-tax-induced emigrants. Strikingly, the share using more than 75% of the residency threshold is 29% among tax-induced emigrants but only 14% among not-tax-induced emigrants. Almost one in five (18%) tax-motivated emigrants spends more than 90% of the maximum number of days in the UK, effectively bunching below the residency threshold. This provides suggestive evidence of substantial tax planning around the threshold, as some bunchers would likely prefer to spend more time in the UK but limit their day count to avoid becoming tax resident again. Tax-induced emigrants are also much less likely to cut

[29]The maximum number of days depends on how many "ties" an individual has to the UK. We use information on the number of ties to calculate the appropriate threshold for each individual. For most remittance basis users, the threshold is 90 days.

ties entirely: 36% spend fewer than 25% of the maximum number of days in the UK, compared with 60% of not-tax-induced emigrants.

These findings highlight that tax-motivated emigrants continue to spend substantial time in the UK despite becoming non-resident for tax purposes. A sizeable share appears to carefully track the number of days spent in the country, thereby maximising their presence without regaining UK tax residence.

## 6.4 Effects on UK Incomes and Taxes

The finding that many super-rich emigrants continue to spend substantial time in the UK after becoming non-resident for tax purposes suggests that they remain economically active and pay taxes in the country. We examine this by estimating the effects of emigration on their UK incomes and tax liabilities.

**Empirical Strategy.** We estimate the effects of post-reform emigration on individual-level income and tax using a standard difference-in-differences approach. We compare affected remittance basis users who emigrate to remittance basis users who have lived in the UK for many years but not long enough to be affected and who remain resident. Identification relies on the assumption that the post-reform evolution of outcomes among control stayers is a good approximation of how outcomes for leavers would have evolved had they remained resident. We find pre-trend estimates close to zero for all outcomes, consistent with parallel trends between tax-induced leavers and control stayers before the reform.

We focus on individuals who claim the remittance basis in 2017, the year before the reform takes effect. The treatment group consists of individuals who have been UK resident for at least 15 of the previous 20 years, including 2017, and then become non-resident in 2018. We focus on those leaving in 2018 because the share of emigration *caused by the reform* is highest that year (Figure 2), and it allows us to track the dynamic effects of emigration over subsequent years. The control group comprises remittance basis users who have been resident for 10–12 years, ensuring all control individuals retain access to the remittance basis until 2020, and who remain resident until 2020. To avoid compositional changes, we restrict the sample to individuals continuously resident from 2014 to 2017. We limit the estimation window to 2014–2020 because enforcing a balanced panel over a longer period would reduce statistical power.

We estimate pre-trends and emigration effects using the following dynamic difference-in-differences specification:

$$Y_{it} = \sum_{\substack{k=2014 \\ k \neq 2016}}^{2020} \delta_k \times \mathbb{1}\{t = k\} \times T_i + \alpha_i + \gamma_t + \epsilon_{it}, \tag{2}$$

where $Y_{it}$ is an outcome of interest for individual $i$ in year $t$, $\alpha_i$ denotes individual fixed effects, and $\gamma_t$ denotes year fixed effects. $T_i$ is the treatment group indicator defined above. Coefficients $\delta_k$ capture pre-trends for $k < 2016$ and dynamic treatment effects for $k \geq 2017$. We normalise the coefficient for 2016 to zero because some individuals already leave during the 2017 tax year (although they remain tax resident that year), causing incomes to begin declining in 2017. Individual fixed effects control for time-invariant characteristics that could confound our estimates. Moreover, focusing on remittance basis users close to the 15-year threshold makes treatment and control groups likely to have similar characteristics. Year fixed effects absorb common time-varying shocks. Standard errors are clustered at the individual level.

For our main results, we estimate effects on outcomes in levels, which has three advantages.[30] First, it properly accounts for zeros, which is important given the substantial extensive-margin responses (Chen and Roth, 2024). Second, it yields effect estimates in pounds that accurately quantify the aggregate fiscal and economic impacts. Third, it allows us to decompose the overall effects on income to identify underlying channels and characterise responses in more detail. To convey the magnitude of the effects, we also report percentage changes by dividing the level estimates by the counterfactual outcomes absent emigration, constructed using the post-reform trend in the control group (e.g., as in Kleven et al., 2019). To visualise the raw data, Appendix Figure A6 plots mean outcomes for tax-induced leavers and control stayers over time.

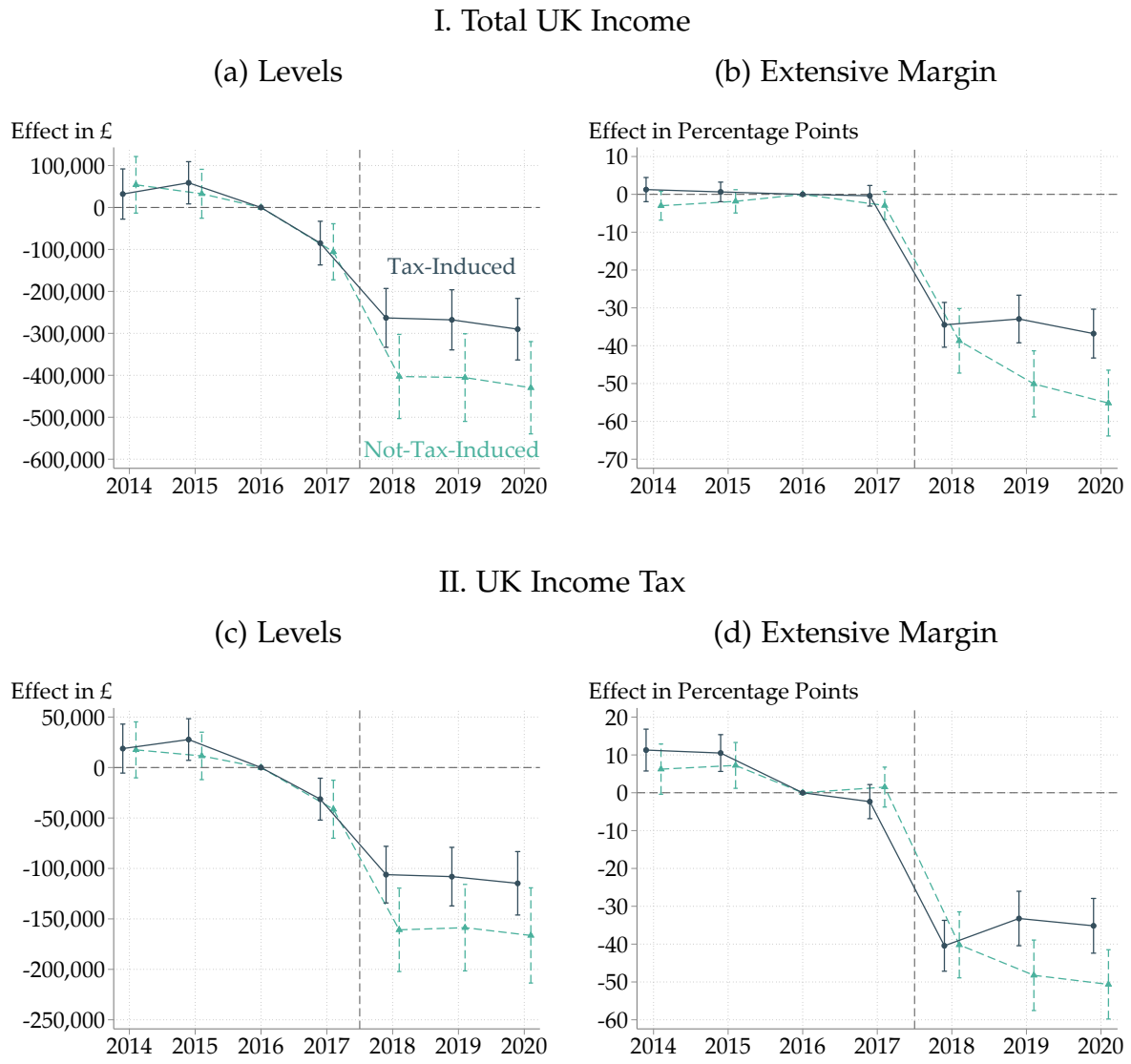
**Total UK Income.** Figure 6, Panel (a) presents the effects of emigrating after the reform on total UK income, while Panel (b) shows the corresponding estimates for the extensive margin. In the years leading up to emigration, we estimate pre-trend coefficients close to zero. After emigration, UK income among tax-induced leavers declines sharply, with estimated effects ranging from £263,000 in 2018 to £290,000 in 2020. This corresponds to a relative decrease of around two-thirds compared with predicted counterfactual outcomes absent emigration.

At the extensive margin, the share reporting any UK income falls sharply after emigration, by around 35 percentage points, from over 90% to 55–60%, where it stabilises. The lack of an extensive-margin effect in 2017, when income levels already begin to decline, reflects departures occurring partway through the tax year. Overall, UK-based income falls substantially on both the intensive and extensive margins. Yet, remarkably, more than half of tax-induced emigrants still receive some UK income three years after giving up tax residence.

**UK Income Tax.** As Panel (c) shows, UK Income Tax payments decrease by £115,000 by 2020, representing a relative decline of 77%. When we factor in the charge for

[30] To reduce the influence of outliers, we winsorise observations above the sample's 95th percentile.

**Figure 6: Effects of Tax-Induced vs. Not-Tax-Induced Emigration**




**Notes:** Dynamic difference-in-differences estimates of the effect of emigrating, comparing effects on individuals affected by the 2018 tax increase to effects on those leaving without being affected. Panels (a) and (b) use total UK income as outcome, in levels and as an indicator for positive values, respectively. Panels (c) and (d) use Income Tax liability as outcome. Outcomes are winsorised at 95th percentile. Graphs display year-specific effects relative to 2016 and corresponding 95% confidence intervals, estimated using Equation (2). Standard errors are clustered at the individual level. Tax-induced treatment group includes remittance basis users in 2017 who have been UK resident for 15–20 of the last 20 years, and who are UK resident in all years 2014–2017 but non-resident in 2018. Not-tax-induced treatment group includes remittance basis users in 2017 who have been UK resident for 10–12 of the last 20 years, and who are UK resident in all years 2014–2017 but non-resident in 2018. Control group in both regressions includes remittance basis users in 2017 who have been UK resident for 10–12 of the last 20 years, and who are UK resident in all years 2014–2020. Tax-induced sample includes 7,119 individual-year observations from 286 tax-induced leavers and 731 control stayers. Not-tax-induced sample includes 6,090 individual-year observations from 139 not-tax-induced leavers and 731 control stayers.
**Source:** Authors' calculations based on HMRC administrative datasets.

accessing the remittance basis, the drop is £186,000. The relative fall in tax is larger than in income because some reported income is not taxable in the UK.

Consistent with the extensive-margin results for total income, the share paying any UK Income Tax falls by roughly 35 percentage points (Panel (d)). Around 40% of tax-induced emigrants still pay UK Income Tax three years after leaving. While the fiscal impact of emigration is substantial, it is considerably smaller than if leavers' tax liabilities fell immediately and permanently to zero. Therefore, prior work making this assumption tends to overestimate the revenue losses from super-rich emigration.

**Earnings vs. Investment Income.** To investigate whether the income drop after emigration is driven by work or investments, Figure 7, Panel (a) shows the effects on earned and investment income. The fall in total income is primarily driven by reduced earnings. On average, they decline by £237,000 among tax-induced leavers, corresponding to a relative decrease by 79%. Investment income also falls after emigration, but less strongly than earnings in both absolute and relative terms. We estimate a decline of £32,000, representing a relative decrease by 46%.

The extensive-margin effects in Panel (b) are somewhat larger for investment income than for earnings: the share with positive UK investment income drops by roughly 40 percentage points to around 50%; the share with UK earnings drops by 30 percentage points to 25–30%. However, this may reflect that non-residents are not required to report all UK investment income to the tax authority, whereas they must report all UK earnings.[31] If, instead of assigning zero investment income to all non-filers, we assume that the same share of non-filers and filers have positive investment income, the extensive-margin effect on investment income is close to zero.

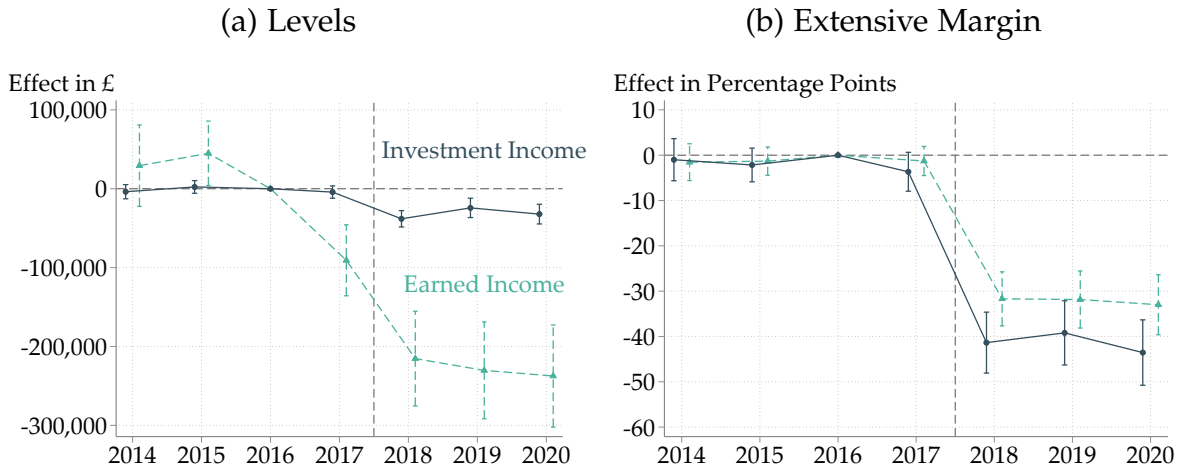
The smaller decline in investment income suggests that the provision of financial capital is less closely tied to the super-rich's tax residence than the provision of human capital. But even income from work, which requires physical presence, remains at one-fifth of its counterfactual level absent emigration.[32] This mitigates some of the negative economic impacts of super-rich emigration.

**Returning to the UK.** Some of the approximately 290 individuals affected by the reform who emigrate in 2018 return in subsequent years. Around 40 (13%) return in 2019, rising to 50 (17%) by 2020. Thus, while there is some return migration, the vast majority of emigrants remain non-resident for tax purposes three years after the reform.

[31] This reporting effect means that, if anything, we underestimate the true difference between the effects on the level of earnings and the level of investment income.

[32] The earnings effect is consistent with the number of days emigrants spend in the UK: assuming they spent 183 days in the UK before emigrating, the number of UK days declines by 77%; assuming they spent the entire year in the UK before emigrating, the number of UK days declines by 89%.

**Figure 7: Effects on Earnings and Investment Income of Tax-Induced Emigrants**




**Notes:** Dynamic difference-in-differences estimates of the effect of emigrating after the 2018 reform. Panels (a) and (b) use UK earnings and investment income as outcomes, in levels and as an indicator for positive values, respectively. Outcomes are winsorised at 95th percentile. Graphs display year-specific effects relative to 2016 and corresponding 95% confidence intervals, estimated using Equation (2). Standard errors are clustered at the individual level. Treatment group includes remittance basis users in 2017 who have been UK resident for 15–20 of the last 20 years, and who are UK resident in all years 2014–2017 but non-resident in 2018. Control group includes remittance basis users in 2017 who have been UK resident for 10–12 of the last 20 years, and who are UK resident in all years 2014–2020. Sample includes 7,119 individual-year observations from 286 tax-induced leavers and 731 control stayers.
**Source:** Authors' calculations based on HMRC administrative datasets.

## 6.5 Comparison with Not-Tax-Induced Emigration

We have shown that tax-motivated emigrants are more likely to move to tax havens and continue to spend more time in the UK than not-tax-motivated emigrants. This raises the question of whether tax-motivated emigration also has different economic and fiscal consequences from emigration unrelated to taxes. Our setting allows us to test this directly by observing similar super-rich individuals who emigrate after the reform but differ in whether they were affected by the tax change.

**Estimating Effects on Not-Tax-Induced Emigrants.** To estimate effects for not-tax-induced leavers, we follow the same difference-in-differences approach as before, with unaffected remittance basis users who nevertheless emigrate as the treatment group. Specifically, this group includes individuals who claim the remittance basis in 2017, having been resident for 10–14 of the previous 20 years, and become non-resident in 2018. The control group remains unchanged: remittance basis users in 2017 who have been resident for 10–12 years and who remain resident until 2020. These group definitions maximise sample size while ensuring that both groups retain access to the remittance basis throughout their UK residence. As before, we restrict the sample to individuals continuously resident from 2014 to 2017 to avoid composi-

tional changes. Appendix Figure A7 plots mean outcomes for not-tax-induced leavers and control stayers over time.

**Total UK Income.** Panel (a) of Figure 6 shows that, by 2020, total UK income falls by £430,000 among not-tax-induced emigrants, compared with £290,000 among tax-induced emigrants. This difference is only partly explained by pre-emigration income levels: the relative decline from the predicted counterfactual absent emigration is also larger for not-tax-induced leavers (82%) than for tax-induced leavers (69%). Panel (b) and Appendix Figure A8 show that this difference reflects smaller reductions among tax-induced emigrants on both the extensive and intensive margins.

**UK Income Tax.** Consequently, the fiscal impact of not-tax-induced emigration is also larger. Panel (c) of Figure 6 shows that Income Tax liability falls by £166,000 among not-tax-induced leavers. This represents a relative decline of 82%, matching the decrease in total income. By contrast, tax-induced emigrants experience a smaller decline of £115,000 (77%), although the difference between the groups is less pronounced than for income. Again, both extensive- and intensive-margin effects are larger among emigrants unaffected by the tax change.

**Earnings vs. Investment Income.** Breaking down total income into earnings and investment income in Appendix Figure A9, we find that both contribute to the larger (relative) decline among not-tax-induced emigrants. Earnings fall by £373,000 among not-tax-induced leavers, substantially more than among tax-induced leavers (£237,000), although the relative decrease is only moderately larger (–83% vs. –79%). For investment income, the absolute reductions are similar at around £30,000, but the relative decline is much larger for not-tax-induced emigrants (–71% vs. –46%).

**Takeaways.** We find that super-rich individuals who emigrate for reasons unrelated to taxation reduce their income in the country they leave by more than 80%. Emigrants responding to a tax increase also substantially reduce their income and tax payments but are more likely to retain a significant economic and fiscal footprint. Accounting for these intensive-margin location decisions is important for accurately assessing the economic and fiscal effects of tax reforms targeting the super-rich.

# 7 Spillovers to Businesses and Workers

A key concern about super-rich emigration is that it may generate negative spillovers to local businesses and workers. These externalities are important for assessing whether tax policy should be designed to attract and retain the super-rich (Kleven, 2026). In this section, we leverage our exceptional setting and data infrastructure, which allow us to link all company directors and employees to their businesses, to

estimate how the emigration of super-rich individuals in leading roles at UK companies affects firm performance and worker incomes. We focus on emigration of top managers because, as documented earlier, many of the super-rich affected by the 2018 reform earn high labour income in major UK industries.

## 7.1 Effects on Businesses

We begin by estimating the effects of super-rich emigration on businesses.

**Empirical Strategy.** We estimate the effects of top-manager emigration on incorporated businesses using a difference-in-differences approach similar to the individual-level analysis in Section 6.4. We define a "top manager" as an individual who is either a director or one of the ten highest-paid employees of a company.[33]

To increase statistical power when estimating the effects of top-manager emigration, we pool tax-induced and not-tax-induced super-rich emigrants.[34] Therefore, the treatment group consists of firms with a top manager in 2017 who claims the remittance basis, has been UK resident for at least ten of the previous 20 years, and emigrates in 2018. The control group consists of firms with a top manager in 2017 who claims the remittance basis, has been UK resident for 10–12 years and was thus unaffected by the reform, and remains UK resident through 2020. Control firms must also have no treated emigrant among their top managers in 2017. Given the similarity between treatment and control individuals, it is plausible that the companies with which they are affiliated are also similar.

We assess the effects of top-manager emigration on companies using the dynamic difference-in-differences specification in Equation (2), estimated at the firm-year level with firm and year fixed effects. Again, we normalise the 2016 coefficient to zero because some individuals emigrate partway through the 2017 tax year. We estimate effects in levels and impute zeros for all outcomes in years in which a firm is not operating.[35] Standard errors are clustered at the firm level.

**Descriptive Evidence.** We classify 29% of individuals in our estimation sample as top managers: 16% are directors and another 13% are among the ten highest-paid employees within their firm without being a director. Directors are key actors within a company, with the potential to significantly shape its trajectory: 70% of companies in the sample have three or fewer directors. The average number of directors is four. 59%

[33] We do not observe managerial status in the tax records, so we use director roles and position in the firm's income hierarchy as proxies. While some directors and top-paid employees may not be managers, they are likely to provide specialised human capital that is difficult for the firm to replace.

[34] To the extent that not-tax-induced emigrants reduce their UK footprint more strongly, as documented earlier, our pooled estimate may overstate the effect of tax-induced emigration on businesses.

[35] To limit the influence of outliers, we winsorise non-negative outcomes at the 95th percentile and all other outcomes at the 5th and 95th percentiles.

of companies have more than ten employees. On average, firms in the sample have around 350 employees, £60 million in turnover, and £2.1 million in taxable profits.

The companies in the sample represent a diverse set of industries. 24% are in finance and insurance, 18% are in professional, scientific, and technical activities, and another 17% are in administrative and support service activities. This implies that top managers are less concentrated in particularly highly paid sectors such as finance and professional services than the overall group of treated remittance basis users (where 63% are in finance or other professional services alone). This pattern is intuitive: in industries with lower average salaries, we expect remittance basis users to be concentrated among the highest-paid individuals, whereas in generally high-paying sectors, they may also appear further down the hierarchy.

**Effects on Firm Outcomes.** Figure 8 displays the main results on how top-manager emigration affects firm performance. We begin by examining firm exit: what share of companies stop operating after one of their top manager emigrates? Panel (a) shows that the probability of a firm being active decreases by roughly 12 percentage points, where being active is defined as having non-zero turnover or payroll. This extensive-margin effect is primarily accounted for by small firms that go out of business.

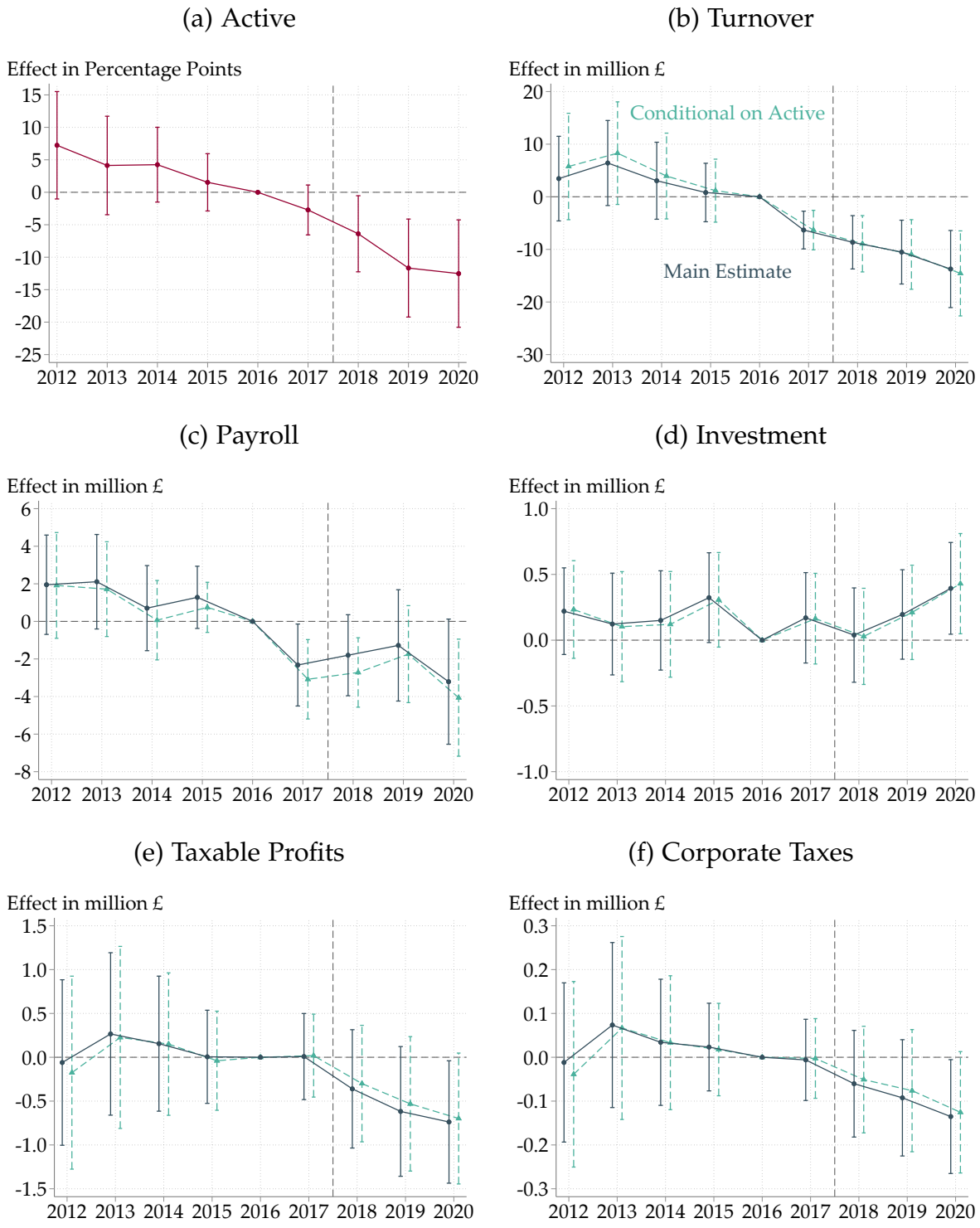
Panel (b) documents how turnover responds to top manager emigration. We find that turnover declines significantly, with the estimated effect becoming increasingly negative over time and reaching approximately –£14 million in 2020. While the absolute magnitude is large, this represents a relative decline by 18%. Strikingly, the large negative effect persists when we restrict the sample to firms that remain active, indicating that it is not driven by firm exit.[36]

Instead, the results suggest that firms substantially scale back their operations following the emigration of a top manager. The overall effect magnitude is smaller than the 32% decline estimated by Jakobsen et al. (2026) for the emigration of wealthy business owners from Sweden, but our intensive-margin effect is much larger, as their effect is entirely driven by firm exit. Our results point to a different mechanism: firms can survive the emigration of top managers, but their departure entails a loss of human capital that is difficult to replace and affects firm scale. This is consistent with Smith et al. (2019), who find that the performance of US pass-through businesses declines sharply when owner-managers withdraw their human capital due to retirement or death.

The contraction in firm operations is mirrored by a reduction in their payroll. Panel (c) shows that firms' total payroll declines by around £3 million, representing a relative decrease by 14%. This is again driven by intensive-margin responses. By

[36] Although conditioning on firm survival means conditioning on a post-treatment outcome, this exercise is still useful for decomposing the overall effect into extensive and intensive margins.

**Figure 8: Effects of Super-rich Emigration on Firms**




**Notes:** Dynamic difference-in-differences estimates of the effect of top-manager emigration on firm outcomes. Non-negative outcomes are winsorised at 95th percentile; all others at 5th and 95th percentiles. Graphs display year-specific effects relative to pre-emigration year 2016 and corresponding 95% confidence intervals, obtained by estimating Equation (2) at the firm-year level with firm and year fixed effects. Standard errors are clustered at the firm level. Estimation sample includes companies that in 2017 had a super-rich individual from the treatment or control group among their directors or ten highest-paid employees. Sample includes 3,393 firm-year observations from 124 treated and 253 control firms.
**Source:** Authors' calculations based on HMRC administrative datasets.

contrast, Panel (d) shows that investment is largely unaffected by top-manager emigration. The point estimates are close to zero, and we can rule out changes by more than £750,000 at the 5% level across the entire sample period.

Consistent with companies scaling down operations, firm profits decline after one of the top managers emigrates. Panel (e) shows that taxable profits decrease by £740,000 in 2020. The relative decline of 29% is larger than the effects on turnover and payroll. This is a sizeable effect, broadly in line with estimates in the literature studying the effects of executives on firm performance (Pérez-González, 2006; Bennedsen et al., 2007, 2020; Becker and Hvide, 2022; Sauvagnat and Schivardi, 2024), although substantially smaller than the three-quarter fall in pass-through profits found by Smith et al. (2019). Unsurprisingly, the decline in taxable profits results in a reduction in corporate tax revenue. Panel (f) shows that corporate tax liabilities drop by £140,000 in 2020, corresponding also to a 29% relative decline. This implies that there is a sizeable fiscal externality of super-rich emigration through reduced tax collection from firms.

**Event-Study Approach.** To validate our firm-level results, we also estimate the effects of top-manager emigration using the event-study approach proposed by Jakobsen et al. (2026). We define an emigration event as a remittance basis user leaving the UK between 2010 and 2019 after at least ten years of residence. We construct a control group of remittance basis users with the same years of UK residence who never emigrate and assign them randomly drawn placebo emigration dates. We estimate pre-trends and emigration effects using the following event-study specification:

$$Y_{ij} = \sum_k \beta_k \times \mathbb{1}\{j = k\} \times M_i + \psi M_i + \theta_j + \nu_{ij}, \tag{3}$$

where $Y_{ij}$ is an outcome of interest for firm $i$ in event year $j$, $M_i$ is a group indicator for firms affected by emigration, and $\theta_j$ denotes event-year fixed effects. As before, we normalise the coefficient two years before emigration to zero because some individuals leave already during the tax year before they cease to be tax resident.

Appendix Figure A10 presents the results. Reassuringly, they are consistent with our findings from the difference-in-differences approach despite relying on different identifying variation. We find significant negative effects on firm survival, turnover, and payroll. The effect magnitudes in levels are smaller, partly because firms in the event-study sample are smaller on average. The share of active firms declines by 8 percentage points, turnover by 11%, and payroll by 5%. Taxable profits fall by 13%, although this estimate is not statistically significant at the 5% level. Again, the negative effects persist when restricting the sample to firms that remain operating. This supports our interpretation that the contraction in firms' operations following

top-manager emigration is driven by active firms scaling back rather than by firms exiting the market.

A natural explanation for the larger effects of tax-motivated emigration by top managers is that these departures are less anticipated than those unrelated to an exogenous shock, leaving firms less prepared to replace emigrating managers. This is consistent with evidence that unexpected departures of business leaders have larger negative effects on firm performance than more predictable absences (Bennedsen et al., 2020; Becker and Hvide, 2022; Sauvagnat and Schivardi, 2024).

## 7.2 Effects on Workers

The emigration of a top manager reduces a firm's wage bill, but the effects on its workers also depend on whether they reallocate to other firms. These externalities on individuals lower in the income distribution are particularly important from a welfare perspective (Kleven, 2026). By linking the universe of companies to their employees, we investigate these effects on worker outcomes.

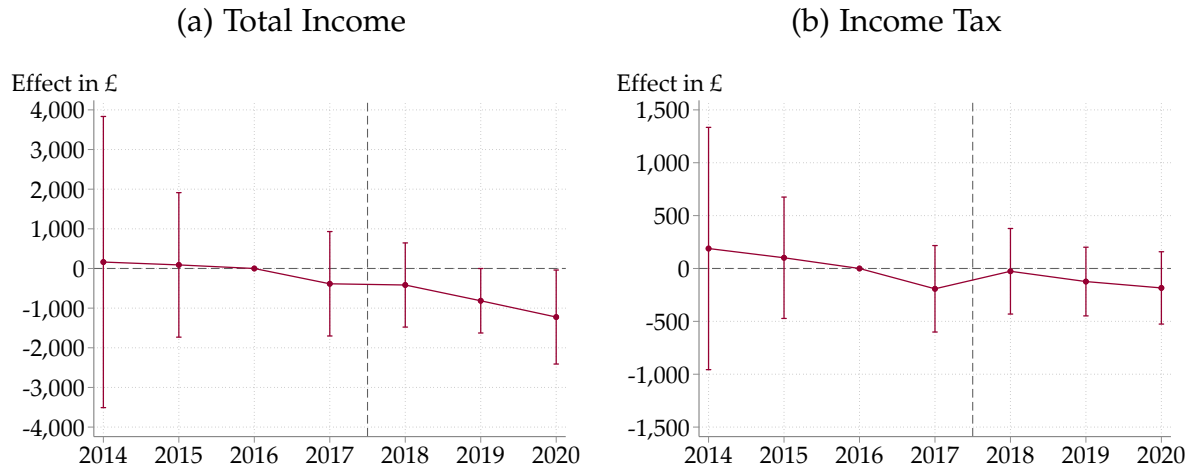
**Empirical Strategy.** Consistent with our firm-level analysis, our worker sample includes all individuals employed by treated and control firms in 2017, whom we assign to the corresponding treatment and control groups. We track these workers' outcomes throughout the sample period, regardless of whether they remain with their current employer. We remove long-staying remittance basis users included in the treatment or control group in the individual-level analysis in Section 6.4, because the present analysis aims to isolate the reform's indirect effects on workers who were not directly affected.

Because many firms in our sample employ a substantial number of workers, the worker-level sample is large, comprising nearly 3.5 million individual-year observations from 387,000 unique individuals. Workers in the sample have a mean annual income of £34,400 at baseline, close to the mean annual earnings of a full-time employee in the UK (Office for National Statistics, 2017). Virtually all of these workers' income comes from employment.

We estimate effects on worker outcomes using again the difference-in-differences specification in Equation (2) at the individual-year level with individual and year fixed effects. Standard errors are clustered at the firm level because our identification relies on firm-level variation.

**Effects on Worker Outcomes.** Figure 9 presents the results. Panel (a) displays the effect of top-manager emigration on workers' total income. After a flat pre-period, the effect becomes increasingly negative, reaching –£1,200 in 2020. This corresponds to a 3.6% relative decrease. Unsurprisingly, the income decline is entirely driven

**Figure 9: Effects of Super-rich Emigration on Workers**




**Notes:** Dynamic difference-in-differences estimates of the effect of top-manager emigration on individual-level outcomes of employees at their firms. Outcomes are winsorised at 95th percentile. Graphs display year-specific effects relative to pre-emigration year 2016 and corresponding 95% confidence intervals, estimated using Equation (2). Standard errors are clustered at the firm level. Estimation sample includes employees of companies that in 2017 had a super-rich individual from the treatment or control group among their directors or ten highest-paid employees. Sample includes 2,710,379 individual-year observations from 107,458 treated and 279,739 control individuals.
**Source:** Authors' calculations based on HMRC administrative datasets.

by lower labour earnings. Falling worker incomes result in a reduction in Income Tax payments of approximately £180 per worker, as depicted in Panel (b). This is a small amount per individual, but aggregates to almost £20 million across the 107,000 treated workers in the sample.

These results indicate significant negative externalities on workers when a top manager leaves, consistent with evidence from manager deaths (Jäger et al., 2026). However, the 3.6% decline in workers' income is much smaller than the 14% reduction in payroll of affected firms, suggesting that these externalities are substantially smaller in general equilibrium, accounting for worker reallocation, than in partial equilibrium. Intuitively, the adverse effects on the local economy are smaller than the firm-level results suggest because other firms expand as treated firms contract.

# 8 Conclusion

Policymakers view international migration by the super-rich, and the resulting loss of economic activity and tax revenue, as a key constraint on top taxes – a perception reinforced by high-profile anecdotes. Yet prior evidence on tax-induced migration of the super-rich is largely limited to *within-country* mobility (Moretti and Wilson, 2023; Baselgia and Martínez, 2025), while evidence on its economic effects is almost entirely missing (with the recent exception of Jakobsen et al., 2026). Exploiting a UK reform

that sharply raised taxes for a subset of the globally connected super-rich, we examine their emigration responses and the economic and fiscal effects of their departure. Our setting combines a powerful first stage with compelling identification across similarly affluent individuals, and our detailed data allow us to track emigrants' UK footprint and link them to companies in which they hold leading roles.

We find that emigration elasticities for the super-rich are modest, both in absolute terms and relative to existing estimates. While baseline emigration rates are high enough to sustain the anecdotes, responses to taxation are smaller than commonly believed. We provide three additional insights that are important for understanding the consequences of tax-induced migration: First, those who emigrate in response to the tax increase had weaker local labour market ties and lower pre-reform tax liabilities than those who stayed. This selection matters quantitatively: ignoring it would underestimate revenue raised by 22%. Second, many tax-motivated emigrants retain a substantial UK presence after becoming non-resident, continuing to spend time in the UK, earn UK income, and pay UK taxes. Thus, the conventional view of migration as wholesale relocation does not adequately describe the mobility patterns of the super-rich. This increases revenue raised by a further 3% relative to a scenario in which emigrants completely sever their ties with the UK. Third, firms scale back and workers lose income when a top manager emigrates, suggesting that the super-rich supply human capital to the local economy that is difficult to replace. In aggregate, however, these business-level externalities reduce revenue raised by only 5%.

Combining all our estimates, we find that the 2018 reform increased annual tax revenue by £277 million. The ratio of the behavioural revenue effect from emigration to the mechanical revenue effect, $dB/dM$, is 0.25: for each additional pound raised mechanically from the super-rich, emigration responses reduce revenue by 25 pence. This is close to the 0.22 fiscal externality from migration estimated by Jakobsen et al. (2026) for the Swedish wealth tax. Therefore, the additional tax revenue raised from the super-rich who remain resident vastly outweighs the revenue lost through emigration and the resulting externalities on businesses and workers.

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# Online Appendix

## Taxation and Migration by the Super-rich[1]

Arun Advani[2] David Burgherr[3] Andy Summers[4]

September 7, 2026

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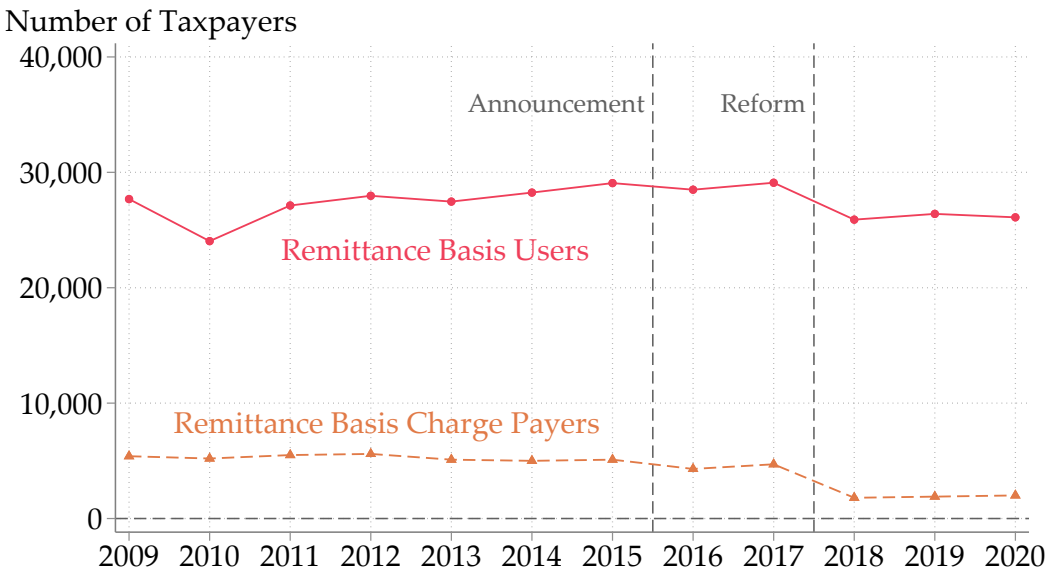
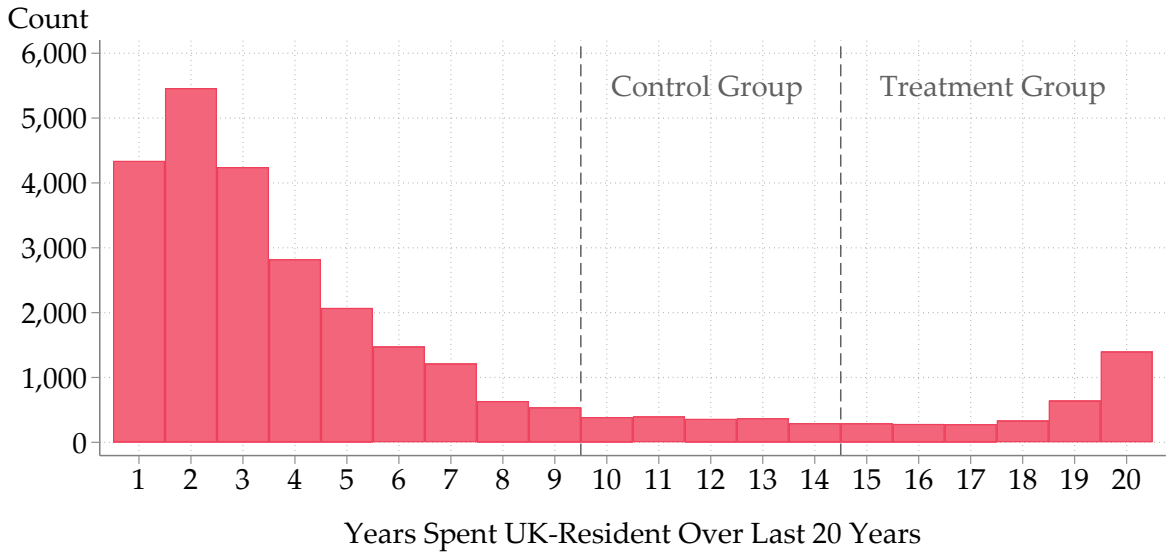
# Appendix A Additional Figures and Tables

**Figure A1: Number of Remittance Basis Users and Charge Payers**




**Notes:** Number of individuals claiming the remittance basis and paying a charge to access the remittance basis, respectively. Remittance basis users are non-domiciled individuals who elect to benefit from remittance basis tax treatment and report having at least £2,000 in unremitted income. Their foreign-source income and gains are exempt from UK tax as long as they are not repatriated to the UK. The count of remittance basis charge payers is taken from HMRC Official Statistics. The number of remittance basis users is scaled to be consistent with HMRC statistics.
**Source:** Authors' calculations based on HMRC administrative datasets and HMRC Official Statistics on non-domiciled taxpayers in the UK.

**Figure A2: Number of Remittance Basis Users by Number of UK Resident Years Over the Previous 20 Years**

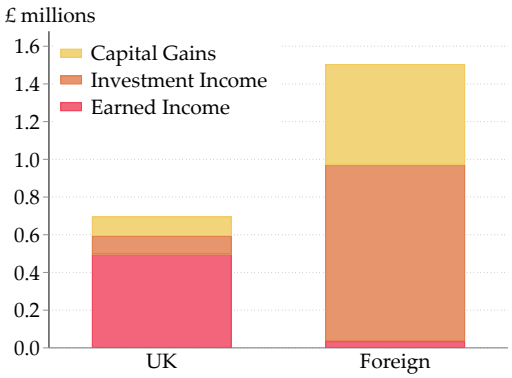



**Notes:** Number of remittance basis users in 2015 by number of years in which they have been UK resident over the previous 20 years. Individuals above the 15-year threshold lose access to the remittance basis after the 2018 reform. Number of years spent UK resident is measured using annual administrative tax records, combined with information on year and month of arrival reported on tax form SA109 (see Section 3.2). Remittance basis users are non-domiciled individuals who elect to benefit from remittance basis tax treatment and report having at least £2,000 in unremitted income. Their foreign-source income and gains are exempt from UK tax as long as they are not repatriated to the UK.
**Source:** Authors' calculations based on HMRC administrative datasets.

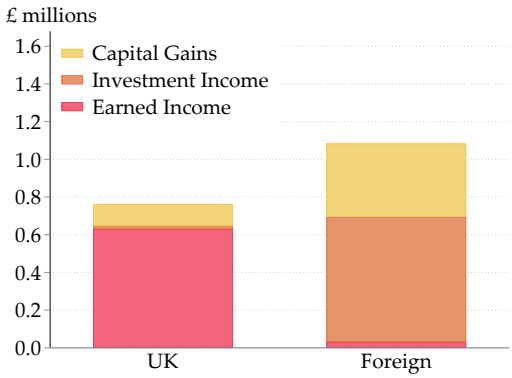
**Figure A3: Pre-reform Characteristics in Treatment Group vs. Control Group**

I. Mean UK-Source and Foreign-Source Income and Capital Gains

(a) Treatment Group

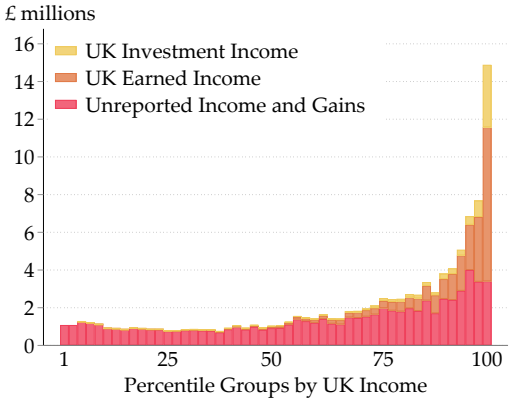



(b) Control Group

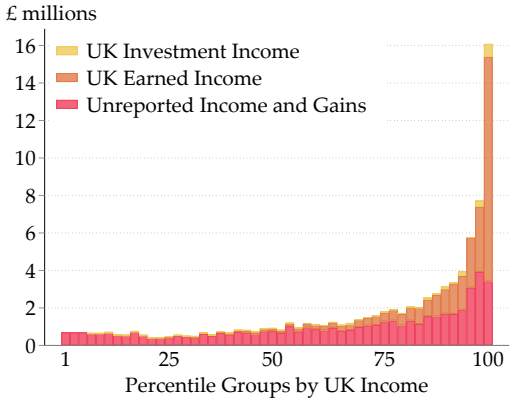



II. Worldwide Income and Gains by UK-Reported Income

(c) Treatment Group

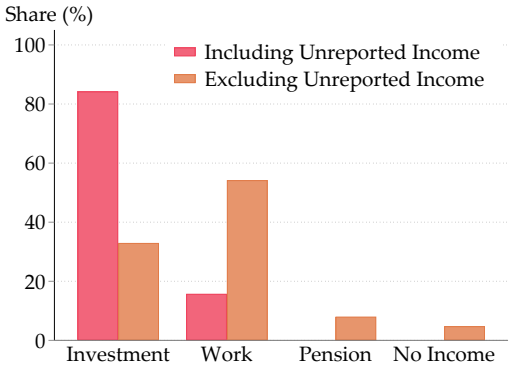



(d) Control Group




III. Main Source of Income

(e) Treatment Group




(f) Control Group

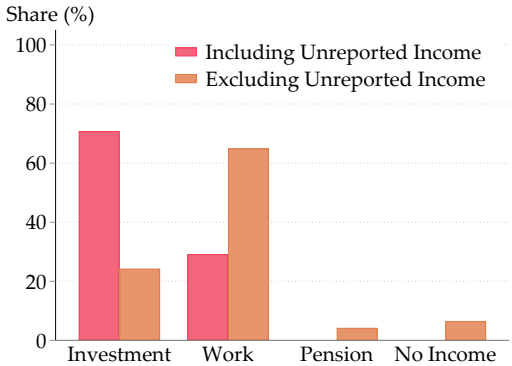
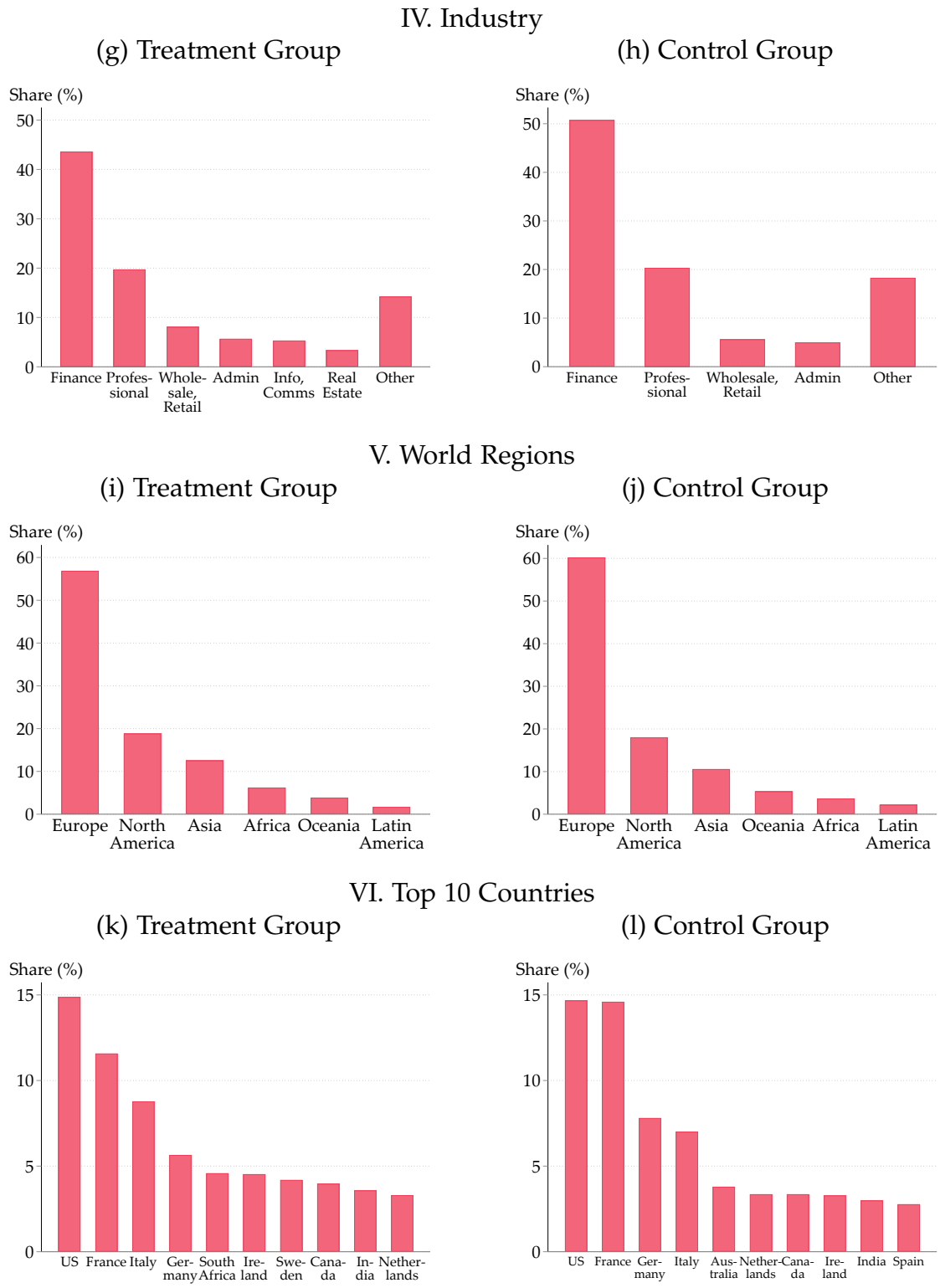
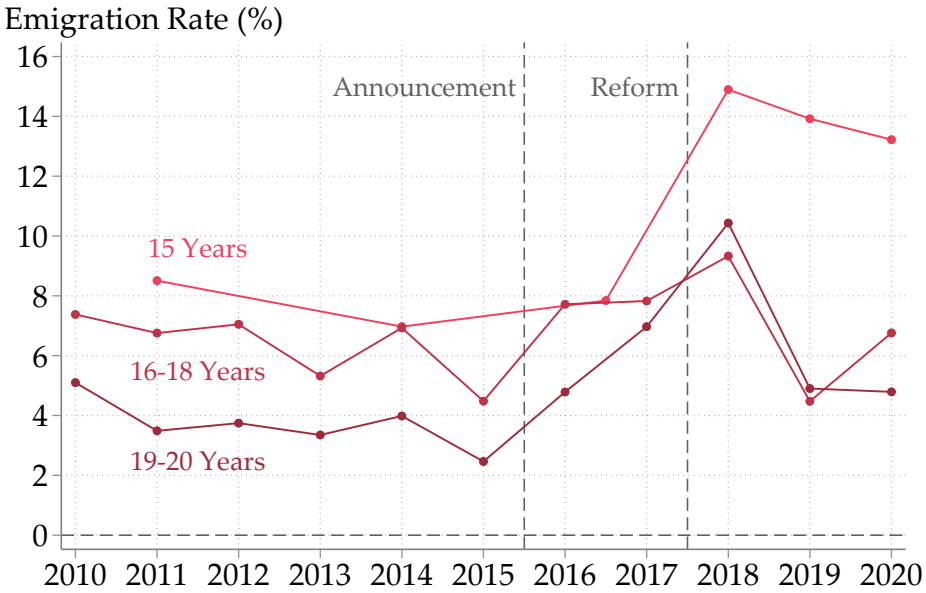


**Figure A3: Pre-reform Characteristics in Treatment Group vs. Control Group (Cont.)**



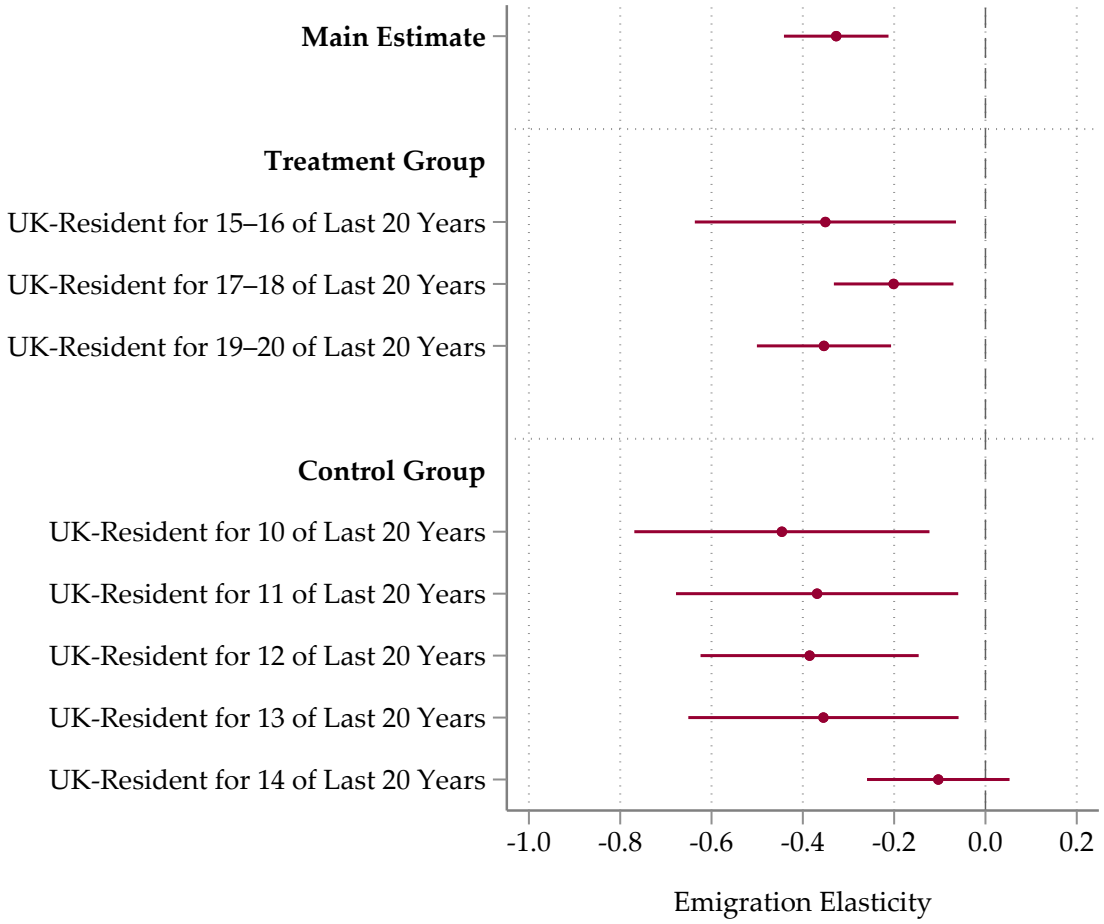

**Notes:** Characteristics of remittance basis users who have been UK resident for 15–20 years (treatment group) and 10–14 years (control group) over the last 20 years. Data are from 2015, the last full tax year before reform announcement. UK income and gains, including foreign-source income and gains remitted to the UK, and foreign earnings are reported in tax filings. Unreported foreign investment returns are estimated (see Section 3.3). Main source of income is identified from largest income source across employment, self-employment, partnerships, or owner-managed companies (grouped in "Work"), investment income, and pension income. "No income" represents those who report exactly zero income. Industry classification according to the Standard Industrial Classification (SIC) 2007 version is based on the largest source of earned income. Nationality as reported in the Migrant Worker Scan, supplemented by information from tax form SA109. For individuals reporting both a UK and foreign nationality, we use the foreign nationality.
**Source:** Authors' calculations based on HMRC administrative datasets.

**Figure A4: Emigration Responses by Years of UK Residence**



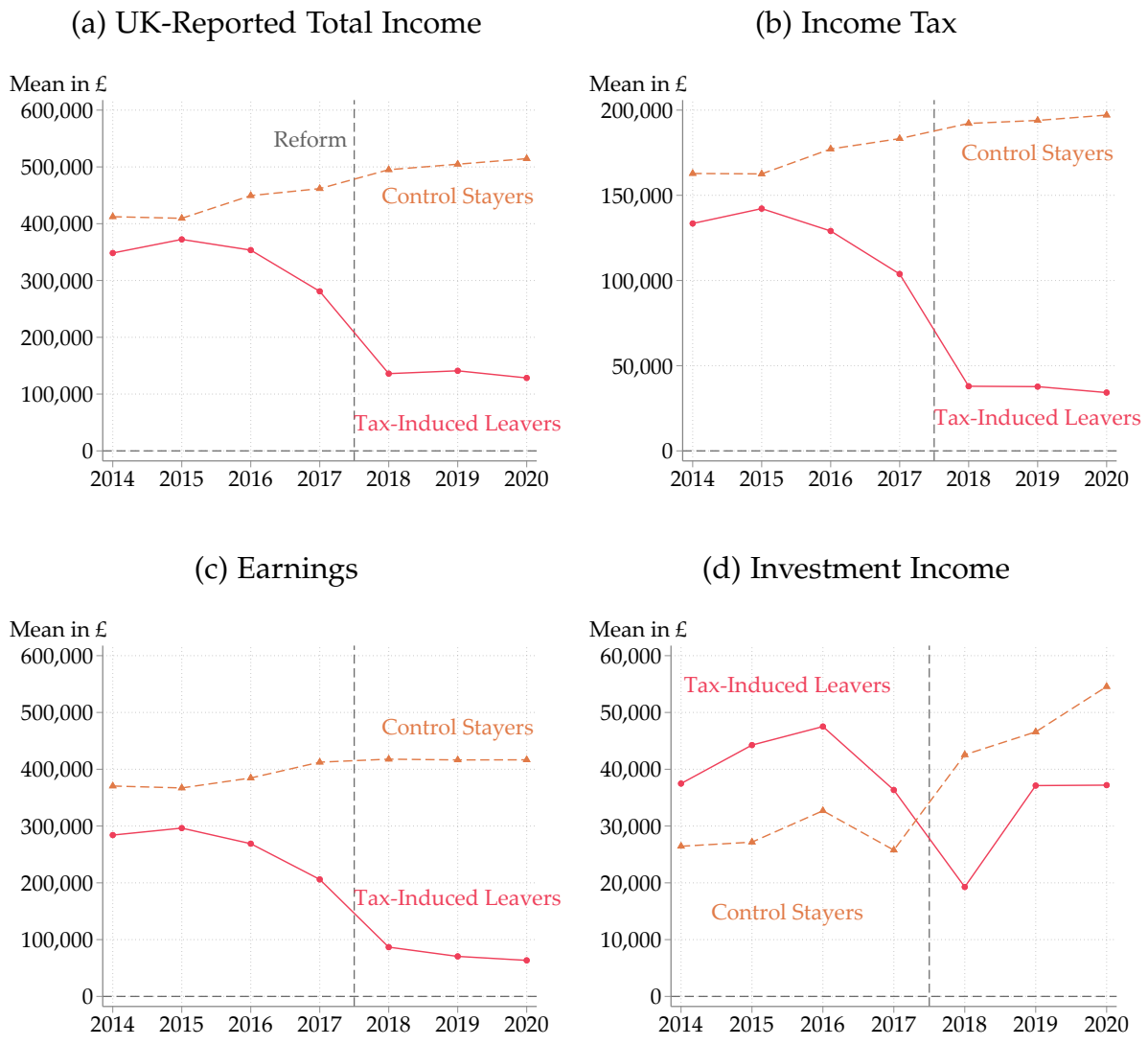

**Notes:** Evolution of the emigration rate in the treatment group, disaggregated by the number of years spent in the UK over the previous 20 years. To comply with statistical disclosure rules, emigration rates in the 15-year group are pooled for the periods 2010–2012, 2013–2015, and 2016–2017. Treatment group includes remittance basis users who have been UK resident for 15–20 of the previous 20 years and thus lost access to the remittance basis as a consequence of the deemed domicile reform. Groups are defined year-by-year, so they retain the same distance to the 15-year threshold over time.
**Source:** Authors' calculations based on HMRC administrative datasets.

**Figure A5: Sensitivity of Elasticity to Treatment and Control Group Definition**



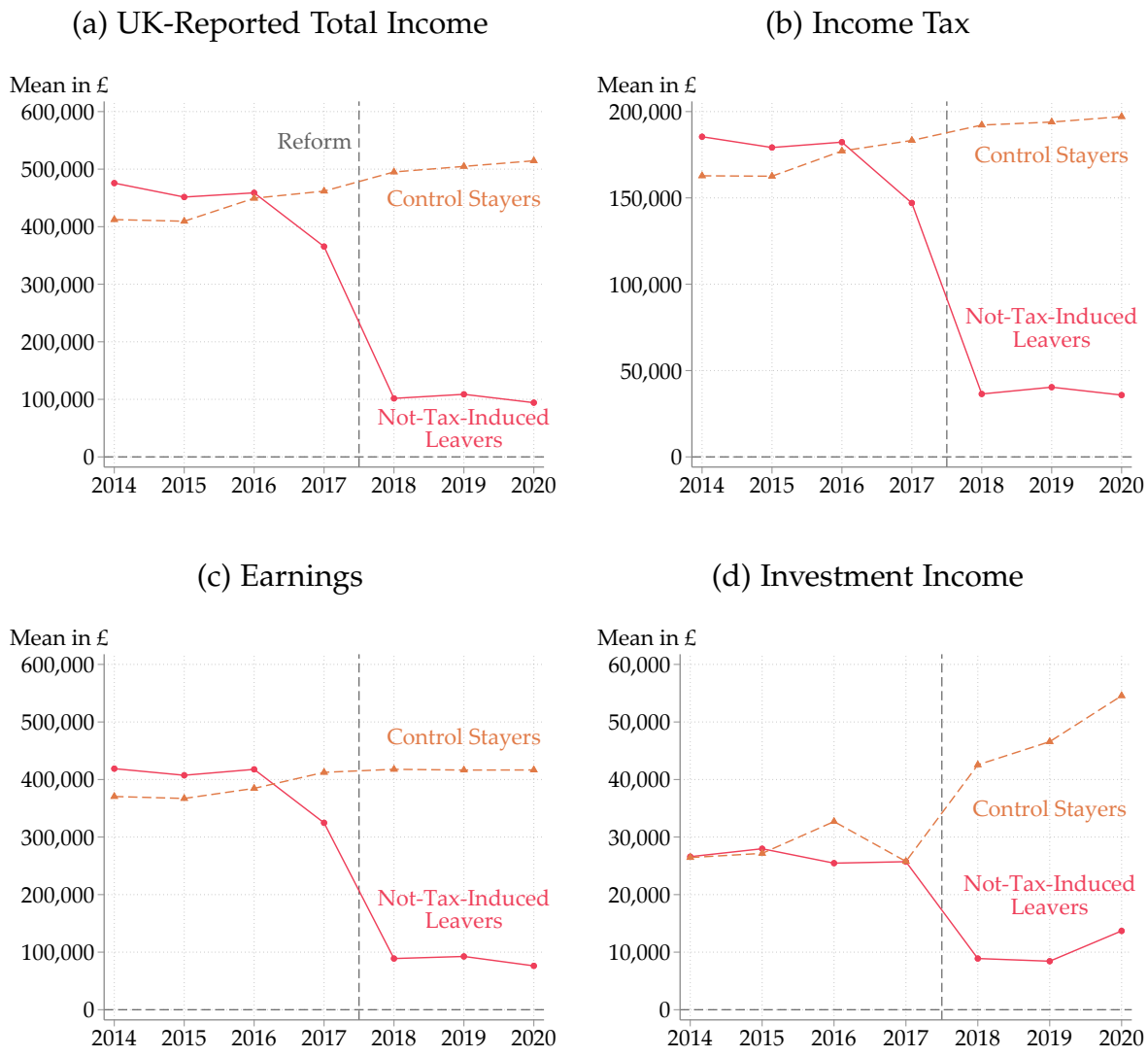

**Notes:** Sensitivity of the emigration elasticity, obtained from estimating Equation (1), to changing the definition of the treatment group and control group. Standard errors are heteroskedasticity-robust. Our main estimate uses remittance basis users who have been UK resident for 15–20 of the last 20 years as the treatment group and remittance basis users who have been UK resident for 10–14 of the last 20 years as the control group. The alternative estimates use different treatment or control groups as indicated in the figure. See Section 5.2 for more information on the estimation of the elasticity.
**Source:** Authors' calculations based on HMRC administrative datasets.

**Figure A6: Time Series of Incomes and Taxes of Tax-Induced Leavers**



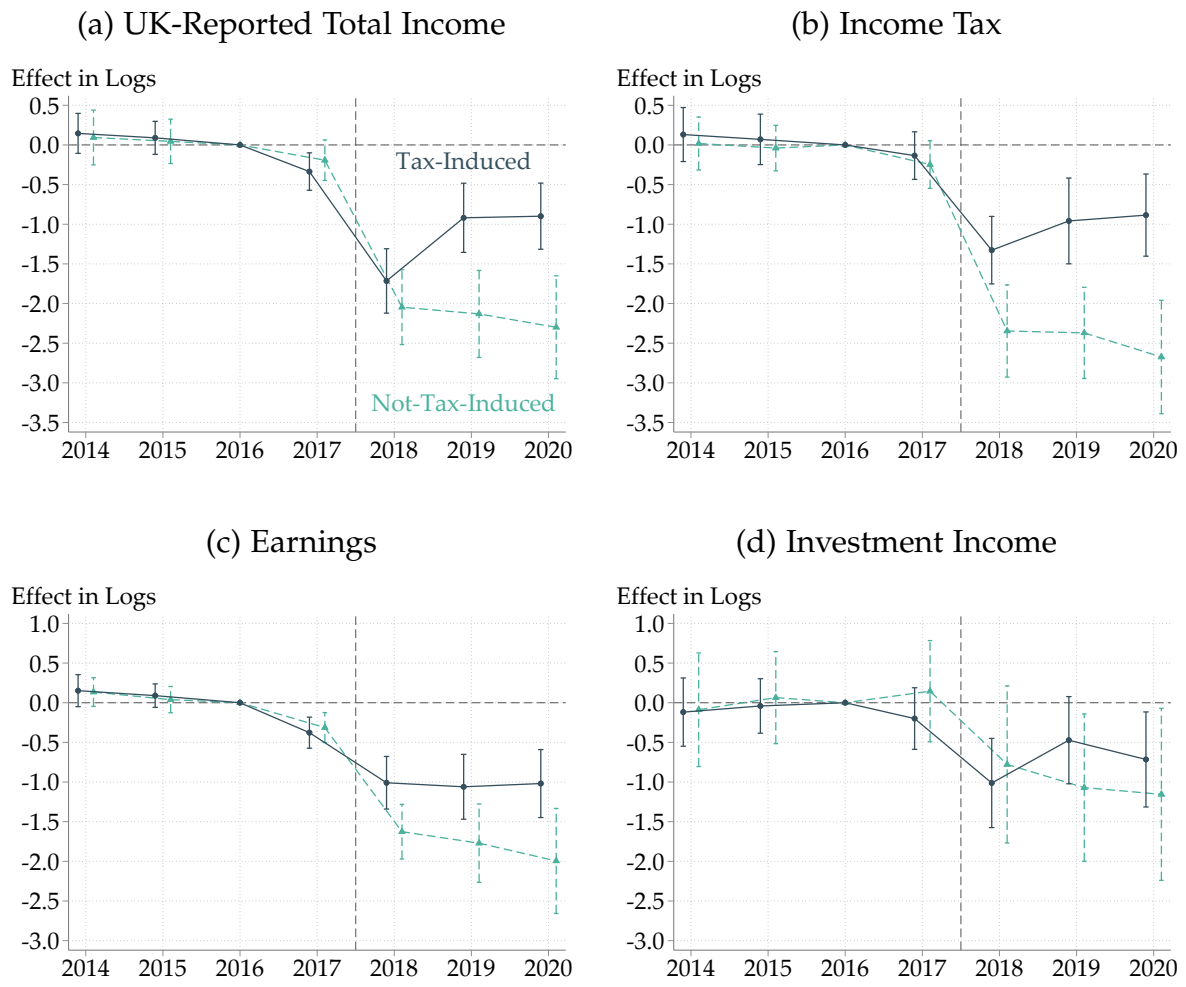

**Notes:** Time series of means comparing individuals affected by the 2018 reform who emigrate and unaffected individuals who remain UK resident. Outcomes are winsorised at 95th percentile. Tax-induced leavers include remittance basis users in 2017 who have been UK resident for 15–20 of the last 20 years, and who are UK resident in all years 2014–2017 but non-resident in 2018. Control stayers include remittance basis users in 2017 who have been UK resident for 10–12 of the last 20 years, and who are UK resident in all years 2014–2020. Sample includes 7,119 individual-year observations from 286 tax-induced leavers and 731 control stayers.
**Source:** Authors' calculations based on HMRC administrative datasets.

**Figure A7: Time Series of Incomes and Taxes of Not-Tax-Induced Leavers**



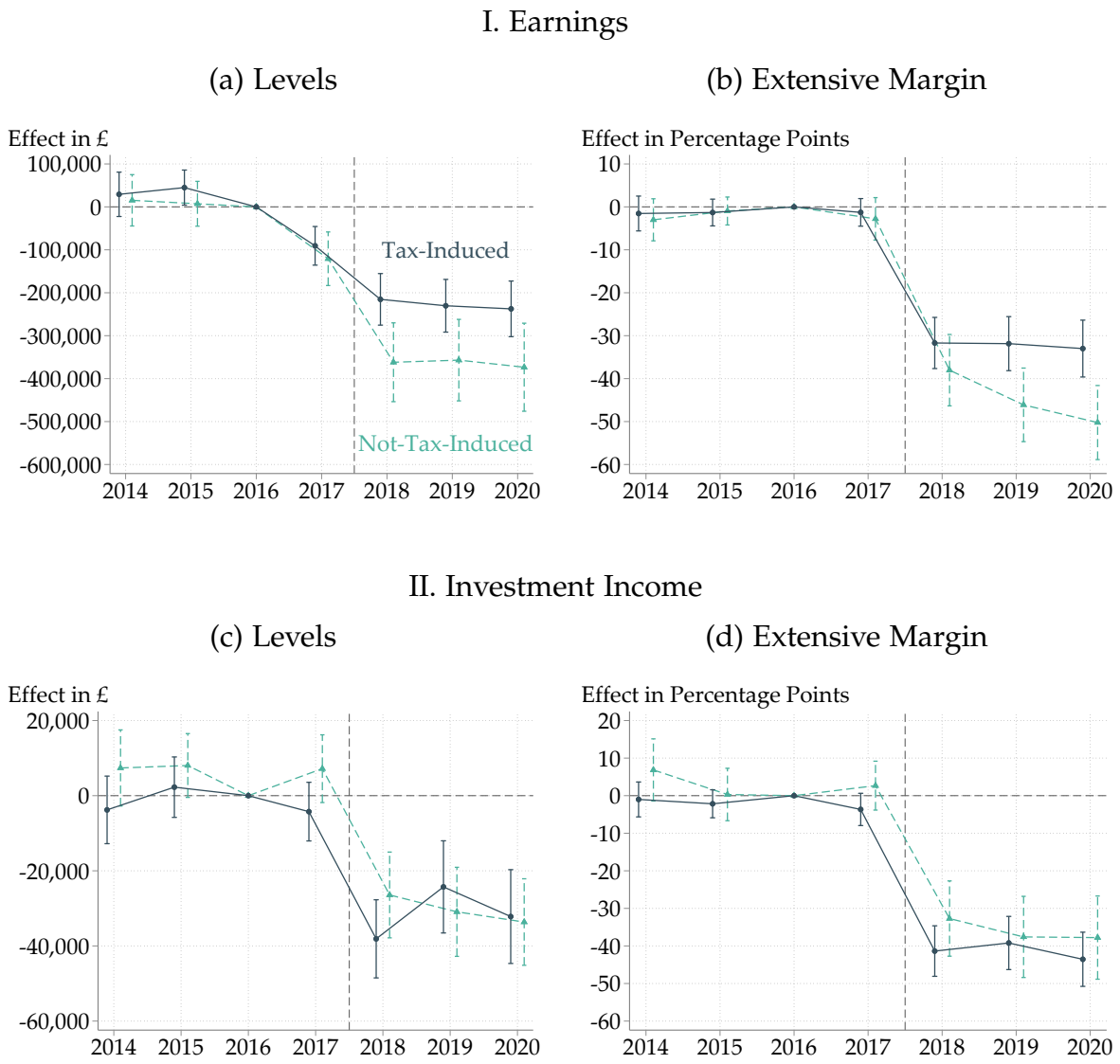

**Notes:** Time series of means comparing individuals unaffected by the 2018 reform who emigrate to those who remain UK resident. Outcomes are winsorised at 95th percentile. Not-tax-induced leavers include remittance basis users in 2017 who have been UK resident for 10–12 of the last 20 years, and who are UK resident in all years 2014–2017 but non-resident in 2018. Control stayers include remittance basis users in 2017 who have been UK resident for 10–12 of the last 20 years, and who are UK resident in all years 2014–2020. Sample includes 6,090 individual-year observations from 139 not-tax-induced leavers and 731 control stayers.
**Source:** Authors' calculations based on HMRC administrative datasets.

**Figure A8: Effects of Tax-Induced vs. Not-Tax-Induced Emigration – Intensive Margin**



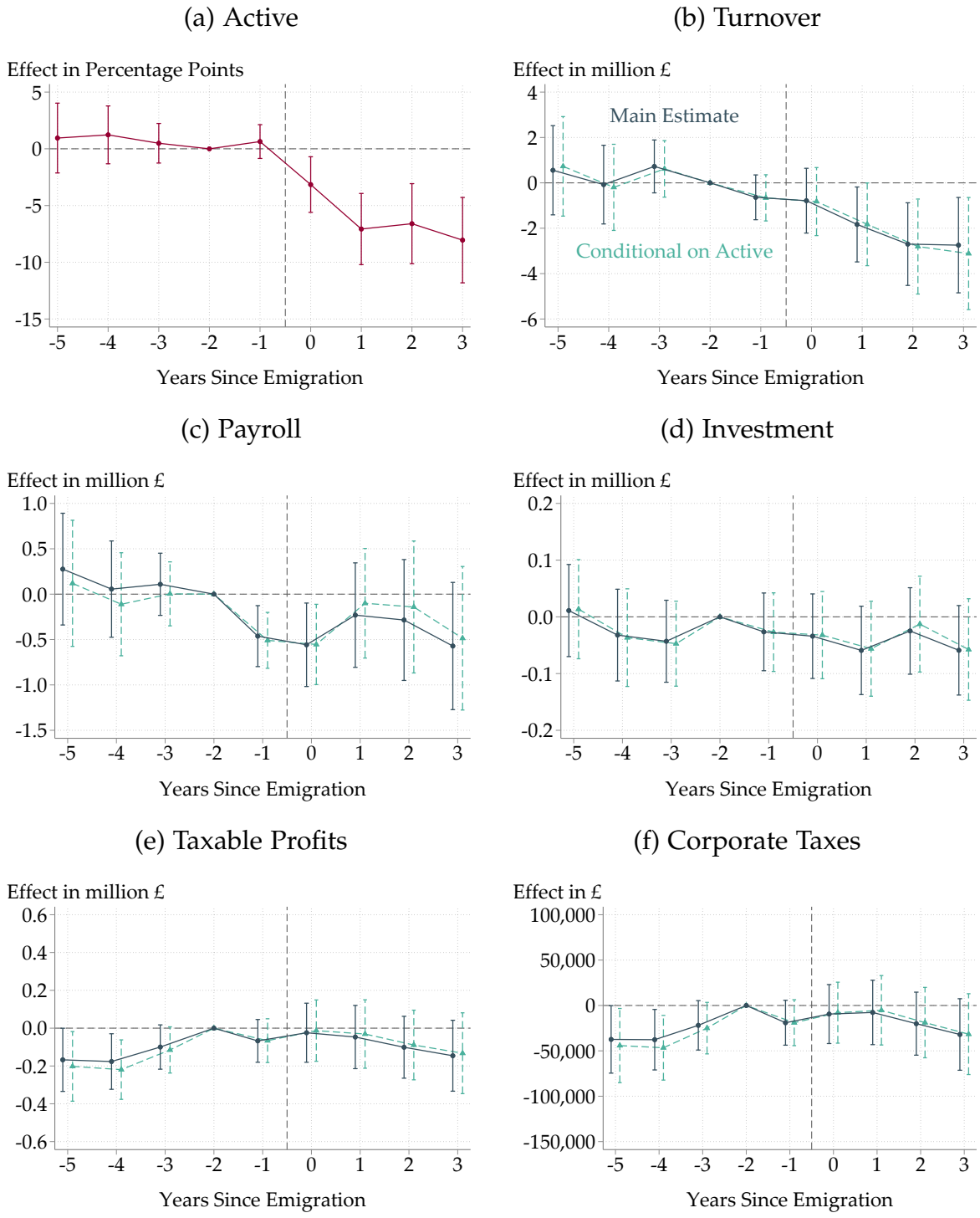

**Notes:** Dynamic difference-in-differences estimates of the effect of emigrating, comparing effects on individuals affected by the 2018 tax increase to effects on those leaving without being affected. Outcomes are in logs. Graphs display year-specific effects relative to 2016 and corresponding 95% confidence intervals, estimated using Equation (2). Standard errors are clustered at the individual level. Tax-induced treatment group includes remittance basis users in 2017 who have been UK resident for 15–20 of the last 20 years, and who are UK resident in all years 2014–2017 but non-resident in 2018. Not-tax-induced treatment group includes remittance basis users in 2017 who have been UK resident for 10–12 of the last 20 years, and who are UK resident in all years 2014–2017 but non-resident in 2018. Control group in both regressions includes remittance basis users in 2017 who have been UK resident for 10–12 of the last 20 years, and who are UK resident in all years 2014–2020. Tax-induced sample includes 7,119 individual-year observations from 286 tax-induced leavers and 731 control stayers. Not-tax-induced sample includes 6,090 individual-year observations from 139 not-tax-induced leavers and 731 control stayers.
**Source:** Authors' calculations based on HMRC administrative datasets.

**Figure A9: Effects of Tax-Induced vs. Not-Tax-Induced Emigration: Earnings and Investment Income**




**Notes:** Dynamic difference-in-differences estimates of the effect of emigrating, comparing effects on individuals affected by the 2018 tax increase to effects on those leaving without being affected. Panels (a) and (b) use UK earnings as outcome, in levels and as an indicator for positive values, respectively. Panels (c) and (d) use UK investment income as outcome. Outcomes are winsorised at 95th percentile. Graphs display year-specific effects relative to 2016 and corresponding 95% confidence intervals, estimated using Equation (2). Standard errors are clustered at the individual level. Tax-induced treatment group includes remittance basis users in 2017 who have been UK resident for 15–20 of the last 20 years, and who are UK resident in all years 2014–2017 but non-resident in 2018. Not-tax-induced treatment group includes remittance basis users in 2017 who have been UK resident for 10–12 of the last 20 years, and who are UK resident in all years 2014–2017 but non-resident in 2018. Control group in both regressions includes remittance basis users in 2017 who have been UK resident for 10–12 of the last 20 years, and who are UK resident in all years 2014–2020. Tax-induced sample includes 7,119 individual-year observations from 286 tax-induced leavers and 731 control stayers. Not-tax-induced sample includes 6,090 individual-year observations from 139 not-tax-induced leavers and 731 control stayers.
**Source:** Authors' calculations based on HMRC administrative datasets.

**Figure A10: Effects of Super-rich Emigration on Firms – Event-Study Results**




**Notes:** Event-study estimates of the effect of top-manager emigration on firm outcomes. Non-negative outcomes are winsorised at 95th percentile; all others at 5th and 95th percentiles. Graphs display event-year-specific effects relative to event year –2 and corresponding 95% confidence intervals, estimated using Equation (3). Standard errors are clustered at the firm level. Treatment group includes companies that experience the emigration of one of their top managers (i.e., director or among ten highest-paid employees) who is a remittance basis user who spent at least 10 of the last 20 years in the UK before emigrating in the period 2010–2019. Control group includes companies that have a top manager who is a remittance basis user who spent at least 10 of the last 20 years in the UK and always remained UK resident to whom we assign a placebo emigration date in the period 2010–2019. Sample includes 18,693 firm-year observations from 730 treated and 1,347 control firms.
**Source:** Authors' calculations based on HMRC administrative datasets.

## Table A1: Robustness of Emigration Elasticity to Tax Measure

| | (1) First Stage: Net-of-Average-Tax Rate | (2) Reduced Form: Emigration Rate | (3) 2SLS: Semi-Elasticity |
|---|---|---|---|
| **Panel A: Main Estimates** | | | |
| Treated × post-2018 | –0.189*** | 0.062*** | |
| | (0.017) | (0.010) | |
| Semi-elasticity | | | –0.327*** |
| | | | (0.045) |
| Group-year cells | 14 | 14 | 14 |
| Individual-year obs. | 38,731 | 38,731 | 38,731 |
| **Panel B: Estimates Using Alternative Tax Measure** | | | |
| Treated × post-2018 | –0.108*** | 0.062*** | |
| | (0.016) | (0.010) | |
| Semi-elasticity | | | –0.574*** |
| | | | (0.080) |
| Group-year cells | 14 | 14 | 14 |
| Individual-year obs. | 38,731 | 38,731 | 38,731 |

**Notes:** Aggregate-level IV estimates of the semi-elasticity of the emigration rate with respect to the net-of-average-tax rate, exploiting the 2018 reform. First-stage estimate captures the effect of the reform on the net-of-average-tax rate. Reduced-form estimate shows the effect on the emigration rate. 2SLS estimate of the migration semi-elasticity $\eta$ is the percentage-point change in the emigration rate in response to a 1% increase in the net-of-average-tax rate, obtained from estimating Equation (1). All specifications include group and year fixed effects. Heteroskedasticity-robust standard errors in parentheses. Panel A reproduces our main estimates for the 3-year emigration rate from Table 1. Panel B presents results from the same estimation procedure when scaling the change in the net-of-average-tax rate using the ratio between the observed and predicted tax change among individuals who stay UK resident after the reform. Treatment group consists of remittance basis users who have been UK resident for 15–20 of the last 20 years. Control group includes remittance basis users who have been UK resident for 10–14 of the last 20 years. $^{*}$ $p < 0.10$, $^{**}$ $p < 0.05$, $^{***}$ $p < 0.01$.
**Source:** Authors' calculations based on HMRC administrative datasets.

# Appendix B Tax Treatment of Remittance Basis Users

This appendix contains details about the UK and international tax treatment of UK-resident remittance basis users (RBUs) beyond the context given in Section 2.

## B.1 Further Details About Tax Treatment in the UK

**Claiming Rules.** Non-doms are required to declare non-dom status on their tax return where this is relevant to their Income Tax or Capital Gains Tax liability. Other than in exceptional circumstances, non-doms must also make a claim for the remittance basis on their tax return in each year in which it is used.[5] This enables us to identify individuals claiming non-dom status and the remittance basis in the tax data.

**Costs of the Remittance Basis.** Claiming the remittance basis has some costs. Since 2009, RBUs forfeit their standard tax-free allowances for Income Tax and Capital Gains Tax, which are worth up to approximately £8,400 in saved tax, and they must pay a fixed charge of £30,000 if they have been tax resident in the UK in at least seven of the previous nine years. Subsequently, the remittance basis charge was raised for individuals who have been UK resident for at least 12 of the previous 14 years, to £50,000 in 2013 and £60,000 in 2016. The 2016 reform also increased the charge to £90,000 for RBUs who have been UK resident for at least 17 of the previous 20 years. The charge can be paid using funds from a foreign bank account without that payment being treated as a remittance to the UK.

**Inheritance Tax Benefits.** Besides access to the remittance basis for foreign income and capital gains, non-doms are also exempt from UK Inheritance Tax (IHT) on their foreign assets. This exemption does not require a claim for the remittance basis but does require that the individual was not domiciled in the UK at the date of death.

## B.2 Further Details About the 2018 Reform

**Trust Protections.** In July 2015, the Conservative Government announced the abolition of the remittance basis for non-doms who had lived in the UK for at least 15 years (known as "deemed domiciles") on the basis "that those who choose to live in the UK for a long time should pay taxes here like everybody else".[6] However, as enacted, the reform did not result in full parity, because non-doms could continue to benefit from

[5]There are two cases in which non-doms are not required to make a claim in order to use the remittance basis. First, if their unremitted income and gains are less than £2,000 (s809D Income Tax Act 2007). Second, if: (i) they have no UK income or gains; and (ii) they did not make any remittances; and (iii) they are not liable to pay the Remittance Basis Charge (s809E Income Tax Act 2007).

[6]For more details, see the full text of the Summer Budget 2015: https://www.gov.uk/government/publications/summer-budget-2015/summer-budget-2015 [accessed 20/01/2025].

some transitional provisions relating to trusts (known as "trust protections"), which were not available to UK domiciles.

These trust protections allowed deemed domiciles to continue sheltering some foreign income and gains from UK tax after the reform, provided they did not acquire a UK domicile as a matter of common law. Compared with the remittance basis, the benefits of trust protections were limited in two key respects. First, they only applied to foreign income and gains arising from assets settled in a non-UK-resident trust prior to the individual becoming deemed domiciled; if any assets were subsequently added to the trust, these protections were forfeited altogether (known as "tainting"). Second, they only applied where the foreign income and gains were retained within the trust structure; if they were distributed to the settlor (or any other UK-resident beneficiary), then they were immediately taxable in the UK even if not remitted.

Consequently, trust protections only provided a temporary and limited benefit to individuals affected by the reform who planned to remain in the UK and who wished to spend their future foreign income and gains at some point (even abroad). The protections were potentially valuable to individuals who planned to leave the UK prior to making distributions from the trust. In practice, they may also have been used by individuals who planned to stay in the UK indefinitely and who intended to bequeath (rather than spend) their accumulated foreign income and gains; however, since such individuals should by definition have acquired a UK domicile at common law, this use of trust protections would be at risk of challenge by the tax authority.

**Inheritance Tax Changes.** The 2018 package of reforms also included some changes to the IHT treatment of non-doms, but these were minor relative to the removal of the remittance basis. Before the reform, there was already a rule in place that non-doms who had been UK resident for at least 17 of the previous 20 years did not have access to the IHT exemption on foreign assets. Hence, the reform only moved this cutoff down to 15 years. At the same time, the reform closed a loophole that had previously enabled non-doms to escape IHT on UK residential property that was held via a foreign company. The reform brought UK residential property into IHT for all non-doms regardless of their length of residence; consequently, it applied equally to the treatment and control group in our study.

**Timeline of 2018 Reform.** The 2018 reform was first announced at the July 2015 Budget, shortly after the General Election (May 2015) in which the Conservatives unexpectedly formed a majority government. This announcement included the key features of the reform as eventually enacted and stated that these would apply from April 2017 (i.e., tax year 2018). A technical document released simultaneously with the Budget announcement indicated that trusts would benefit from transitional rules, although it did not specify details.

There followed a period of uncertainty regarding the details of the reform. In particular, the government's consultation response published in September 2015 did not include protections for trusts as had initially been indicated. A further consultation in August 2016 then did include provisions relating to non-UK-resident trusts, although their scope and application remained uncertain. Draft legislation was published in December 2016, with revised legislation published in January 2017 and March 2017. The final legislation was published in the Finance Act (No. 2) 2017, enacted in November 2017, partway through the 2018 tax year to which the reforms applied.

## B.3 Foreign Taxes Applicable to Remittance Basis Users

RBUs can spend an unlimited number of days in the UK and are usually not tax resident in any other country. Since most countries levy tax on individuals on a residence basis, this means that RBUs usually pay no tax on their foreign income and gains in any other country, except where: (1) they are liable to withholding taxes in the source country; or (2) they are also tax resident in another country (i.e., they have dual residence); or (3) they are a citizen of a country that levies taxes on a citizenship basis (e.g., the US). We discuss each of these three cases below.

**Withholding Taxes.** The withholding tax rates applicable to foreign income and gains of RBUs will usually be determined by Double Tax Conventions (DTC). The relevant convention will be the one between the UK and the country from which the income or gains are sourced (not the individual's country of domicile or nationality). For example, the withholding taxes on US dividends paid to an Indian national who is resident in the UK and claiming the remittance basis will be determined by the UK-US DTC, not the UK-India DTC.

Since RBUs are not required to report the source country of unremitted foreign income and gains to the UK tax authority, we do not observe this in our data directly. However, Appendix Figure D3 shows that a large share of the additional foreign income and gains reported by individuals immediately after losing access to the remittance basis flowed from tax havens, which usually do not levy any withholding taxes. This finding is consistent with the incentive for RBUs to avoid locating their investments in countries that would levy withholding taxes.

The investment locations of RBUs could reflect some "home bias" in favour of their country of nationality. Table B1 shows the withholding tax rates applicable to income and gains from the top 10 countries ranking by nationality of RBUs in 2018, the year of reform. We see that the withholding tax rates on interest, dividends, and royalties under the UK's DTCs with these countries are typically close to zero.

**Table B1: Withholding Tax Rates in the Top 10 Nationalities**

| Source Country | Interest | Dividends [1] | Gains [2] | Royalties [3] | Property Income [4] |
|---|---|---|---|---|---|
| U.S. [5] | 0% | 5% / 15% | 0% / 0–20% | 0% | 0–40.8% |
| France | 0% | 0% / 15% | 0% / 0–40.5% [6] | 0% | 0–49% [7] |
| Italy | 10% | 5% / 15% | 0% / 0–20% | 8% | 10–43% |
| Germany | 0% | 5% / 15% | 0% / 0–50.5% [8] | 0% | 0–50.5% |
| South Africa | 0% | 5% / 10% | 0% / 0–18% | 0% | 0–46% |
| Ireland | 0% | 5% / 15% | 0% / 33% | 0% | 0–40% |
| Sweden | 0% | 0% / 5% | 0% / 22% | 0% | 30% |
| Canada | 10% | 5% / 15% | 0% / 25% | 0% / 10% | 25% |
| India | 15% | 10% | 0–30% | 10–15% | 0–30% |
| Netherlands | 0% | 0% / 10% | 0% | 0% | 30% |

**Notes:** Withholding tax rates applying to different types of investment returns in the top 10 countries by nationality of RBUs affected by the 2018 reform (Figure 1). [1] The lower rate applies to shareholders meeting some shareholding requirement (usually at least 10%) and generally only when paid to a corporation (though it could be an intermediate entity between the remittance basis user and the payer, unless it is treated as a conduit). The second rate applies to portfolio investments. [2] The higher rates apply to gains from real estate (usually including gains from disposal of shares deriving most of their value from real property). [3] Some DTCs apply different withholding rates depending on the type of royalties. [4] Additional taxes on property might apply, but it is unlikely they would be eligible for FTC against UK Income Tax. Whether they would be allowed as a deduction for computing foreign income subject to UK tax is uncertain. [5] US citizens are subject to US taxation on their worldwide income and generally do not have access to the withholding tax rates of the US-UK DTC (see Section B.4). [6] 19% CGT plus 15.5% social charges plus a maximum of 6% supplementary tax charge on gains exceeding EUR 50,000. There is taper relief granted for property held for more than 5 years, which can reduce the tax to nil after 22 years. [7] Top marginal income tax rate of 45% plus a maximum exceptional tax on high-income taxpayers of 4%. [8] Including top marginal income tax rate of 45% plus 5.5% solidarity surcharge but excluding church tax. If real estate has been held for more than 10 years, there is no tax on the capital gain.
**Source:** Authors' compilation based on tax treaty information from HMRC's tax treaties collection (available at: https://www.gov.uk/government/collections/tax-treaties) and EY Worldwide Personal Tax and Immigration Guide 2017-18 (available at: https://www.ey.com/en_gl/technical/tax-guides/tax-guide-library-archive).

**Dual Residents.** Where an individual is resident both in the UK (under the UK's tax rules) and in another country (under the tax rules of that country), the double tax convention between the two countries will apply a "tie-breaker" to determine which country has taxing rights. The UK has a double tax convention with all the top 10 countries by nationality of RBUs affected by the reform. The tie-breaker rule under Article 4(2) (which is substantially the same in all of these conventions) allocates tax residence to the country where the taxpayer has their "centre of vital interests". This test accounts for both personal and economic relations, and need not be the same as the country where the individual claims (for UK tax purposes) to be domiciled. For most RBUs affected by the reform, who by definition have been resident in the UK for more than 15 years, the application of this tie-breaker is likely to result in the UK being their country of treaty residence, meaning that they will not face taxes on a residence basis in the other country.

## B.4 Tax Benefits for US Citizens

Although US citizens are subject to US taxation on their worldwide income, irrespective of their place of residency, US citizens who are resident in the UK still obtain significant tax benefits by claiming the remittance basis.[7] This section discusses these advantages for US citizens in turn.

### B.4.1 Tax Saving from Difference Between Top UK and US Federal Tax Rates

The wedge between UK and US federal tax rates will depend on the type of income and the relevant tax band. It can also depend on where the individual is resident within the UK, since Scottish residents face higher Income Tax rates than residents of England, Wales and Northern Ireland. Here, we only consider the wedge between the US and England. We focus mainly on the top marginal rates in each country since for high-income individuals these have the most significant effect on the total tax wedge. Rates are stated for 2018, the year of the reform.

**Dividends.** Dividends from US domestic corporations and qualified foreign corporations were taxed at the rates applicable to capital gains, with a maximum rate of 20%.[8] A lower (15%) rate applied for those with income below $425,800. In addition, high-income taxpayers were subject to a 3.8% Net Investment Income Tax.[9] Thus, compared to the top UK tax rate on dividends of 38.1% in 2018, the tax wedge was between 23.1 and 14.3 percentage points depending on the income level of the taxpayer. If the dividend was from a non-qualified foreign corporation, it would be subject to the general federal top income tax rate of 37%, resulting in a tax wedge of 1.1 percentage points, which could be further reduced if the Net Investment Income Tax applied.

**Interest and Property Income.** Interest and property income were subject to the general US federal top income tax rate of 37%. Relative to the top UK tax rate on interest, this resulted in a tax wedge of 8 percentage points. At lower levels of income, the tax wedge could be larger: e.g., for taxpayers with income below £400,000 the tax

[7] This is consistent with revealed preference as we observe a large number of US citizens living in the UK who choose to claim the remittance basis despite the costs of doing so (Figure 1).

[8] "Qualified foreign corporations" are those eligible for benefits of a comprehensive income tax treaty with the United States that the Secretary determines is satisfactory for purposes of this provision. In the latest version published by the IRS of the income tax treaties meeting this requirement, there were 56 countries (including most advanced economies), which suggests that the vast majority of dividends from non-tax havens should benefit from the 15–20% tax rate. See: https://www.irs.gov/pub/irs-drop/n-24-11.pdf [accessed 05/03/2025].

[9] This is a 3.8% additional tax which applies to high-income taxpayers (single filer above $200,000 or married jointly filing above $250,000). It applied on the lesser of the net investment income or the amount by which the modified adjusted gross income exceeds the thresholds for paying the Net Investment Income Tax.

wedge could be 10 percentage points, and for those with income below £160,000 the wedge could be 13 percentage points.[10] Both tax wedges could be reduced if the taxpayer was liable to the Net Investment Income Tax.

**Employment Income.** Employment income was subject to the general federal top income tax rate of 37%, resulting in a tax wedge of 8 percentage points. Again, the tax wedge could be larger at lower levels of income: e.g., for taxpayers with income below £400,000 the tax wedge could be 10 percentage points, and for those with income below £160,000 the wedge could be 13 percentage points.

### B.4.2 US-UK Double Tax Convention

Although UK tax residents could further reduce their US taxation of US-source income by accessing the benefits of the US-UK DTC, for US citizens these would usually not be available as the US has incorporated the Savings Clause in all its tax treaty network. The Savings Clause is contained in article 1(4) of the US-UK DTC and states that the DTC will not affect the right of the US and UK to tax their respective residents and citizens, except in regard to matters established in article 1(5). This clause is explicitly incorporated by the US to prevent US citizens or long-term residents from using a DTC to avoid taxation of US-source income.[11] Paragraph 5 of article 1, in turn, does not refer to any of the most relevant articles for the purposes of non-doms' US-source income, as it does not exempt from the Savings Clause any of the articles dealing with dividends, interest, royalties, or employment income.[12]

### B.4.3 Mistiming of Taxation of Carried Interest

There is a mismatch in the taxation of carried interest in the US and the UK which created an additional incentive to claim the remittance basis for private equity managers. This mismatch arises because the US taxes carried interest on an accrual basis (i.e., when the hurdle rate has been met, regardless of whether distributions have been made), whereas the UK taxes it on an arising basis (i.e., usually only once there has been a distribution from the fund). There can be a substantial lag between these two events, especially when the fund recycles proceeds from exiting its original investments into new investments.

[10] The top federal US tax rate in 2018 was triggered at $500,000 (c. £400,000). For incomes above $200,000 (c. £160,000), the federal tax rate was 35%, and above $157,500 the tax rate was 32%. This is using single taxpayers; the amounts were different for married taxpayers filing jointly.

[11] See paragraph 111 of the OECD Model Tax Convention Commentaries.

[12] The exceptions to article 1(4) are articles 9(2) (corresponding adjustment to subsidiary income), 17(1)(b) (exempt pension income), 17(3) (statutory pension), 17(5) (alimony payments), 18(1) (unpaid pension scheme income) and 18(5) (UK pension schemes for UK employment), 24 (relief from double taxation), 25 (non-discrimination) and 26 (MAP).

This lag gives rise to cases where a foreign tax credit for the UK tax paid on the carried interest would not be available to offset the US tax liability on the same gains, because the deadline for claiming such credits had already elapsed by the time the UK tax liability was incurred.[13] This situation could result in unrelieved double taxation leading to a worldwide effective tax rate on carried interest of over 50%.[14] Although section 103KE of TCGA 1992 provides for the possibility of claiming a "just and reasonable" adjustment to UK tax on carried interest where another tax has been charged in relation to it, reliance on this provision has been described as "unsatisfactory and fraught with risk".[15]

In this context, the remittance basis served as an important tool for mitigating the potential double taxation of US citizens who were resident in the UK, by exempting their foreign-sourced carried interest from UK tax (unless remitted to the UK), such that it would only be taxed (if at all) in the US.

#### B.4.4 US Limited Liability Companies

The US treats Limited Liability Companies (LLC) as pass-through entities, whereas the UK treats them as opaque for tax purposes. This means that the owners of the LLC incur US tax on their pro-rata share of profits as they accrue, but then if they are UK resident, they must potentially also pay UK tax on the dividend when distributed. In such circumstances, they may also be unable to claim a foreign tax credit for the US tax paid, because the UK treats the tax paid in the US as a tax paid by the LLC on its profits, and not on the same income to which UK tax is applied (i.e., on the distributions from the LLC).

This hybrid mismatch can therefore result in double taxation when a US LLC is used by a UK-resident individual. There are two potential solutions, but neither is entirely satisfactory. First, the LLC could elect to be treated as opaque for US tax purposes. However, this is unlikely to be acceptable to other members of the LLC who are US residents. Second, the UK Supreme Court decision in Anson (2015) found in favour of allowing a foreign tax credit relief for the US tax, but the decision was based on the lower court's findings of fact leading to an uncertain application in other cases.

In these circumstances (similar to carried interest), the remittance basis served to mitigate the risk of double taxation for US citizens (and others) who were UK resident and were receiving income from a US LLC. Removal of the remittance basis was correspondingly costly for such individuals.

[13] Generally, the US only allows the carry back of foreign tax credits for one year.

[14] For example, see: https://www.withersworldwide.com/en-gb/insight/read/tax-relief-for-us-pe-managers-residing-in-uk [accessed 05/03/2025].

[15] Ibid.

# Appendix C Methodology to Estimate Worldwide Income, Capital Gains, and UK Tax

In this appendix, we explain our approach to estimating the unremitted investment income and capital gains of remittance basis users, and the counterfactual tax revenue that they would be paying if they lost access to the remittance basis but remained in the UK. We use this to compute the change in the net-of-average-tax rate due to the 2018 reform, which we need to estimate the emigration elasticity in Section 5.

Determining income, capital gains, and counterfactual tax paid of remittance basis users is challenging because unremitted investment income and gains do not have to be reported to the UK tax authority. Our methodology aims to leverage as much information from the tax data as possible, following a three-step approach: (1) we estimate a lower bound for unremitted investment income and gains exploiting policy features of the remittance basis regime; (2) we identify a comparison pool of similar UK-domiciled individuals; (3) we impute investment income, gains, and counterfactual tax as the average within the comparison pool. In the following, we consider each of these steps in turn.

## C.1 Estimating Lower Bound

While individuals taxed on the remittance basis are not required to report their unremitted income and gains to the UK tax authority, we can calculate a lower bound given by the amount required to make it worth losing the UK personal allowance and/or paying a charge to access the remittance basis. As described in Section 3, the group of remittance basis users focused on in this paper has unremitted income of at least £2,000 by definition which provides an overall lower bound.

The remittance basis charge applies to individuals who have been living in the UK for a significant number of years. From tax year 2009, individuals who have lived in the UK for at least seven of the previous nine years must pay £30,000 to claim the remittance basis ("7-in-9 charge"). Since 2013, the charge for individuals living in the UK for at least 12 of the preceding 14 years has been increased to £50,000 ("12-in-14 charge"; further raised to £60,000 from 2016). In 2016 and 2017, a charge of £90,000 applied to remittance basis claimants who had spent at least 17 of the last 20 years in the UK ("17-in-20 charge").[16]

We make the plausible assumption that individuals willing to pay a charge to claim the remittance basis save at least as much in tax on their unremitted income. The level of unremitted income implied by the tax saved depends on taxpayers' marginal rate. The lower the tax rate that would be paid on the unremitted income

[16]The 17-in-20 charge became obsolete when the 2018 reform was implemented (see Section 2.3).

were it subject to UK Income Tax, the higher the income implied by willingness to pay the charge. Dividing the level of the charge paid by the top marginal income tax rate of 45% provides a lower bound estimate of the unremitted income of remittance basis claimants. The resulting lower bound estimates of unreported income are £67,000 for the 7-in-9 charge, £133,000 for the 12-in-14 charge, and £200,000 for the 17-in-20 charge.

Virtually all remittance basis users affected by the 2018 reform have been UK resident for long enough to be paying the remittance basis charge. More recent arrivals who have been UK resident for fewer than seven of the previous nine years are not yet required to pay the charge. From this population, some individuals will cease being a UK tax resident prior to reaching the threshold for paying the charge; others will stay in the UK and pay the charge; and a third group will stay but choose not to pay the charge and instead be taxed on the arising basis. For each remittance basis user with fewer than seven years of residence, we estimate the probability of paying a charge in the future. To obtain these probabilities, we first regress an indicator variable for paying a charge (separately for the 7-in-9, 12-in-14, or 17-in-20 charge) on individual-level predictors using data on all remittance basis users between 2009 and 2017. As predictors, we include age, gender, UK earned income, UK investment income, industry dummies, and mean house price in the local area of residence. As we do not want to impose linearity, continuous variables are split up into bins and included as indicator variables. We then use the estimated coefficients to predict the probability of current remittance basis users paying a charge in the future and factor these into our calculation of the lower bound.

Because the UK personal allowance is the income amount exempt from Income Tax, it can be directly added to the lower bound. The standard personal allowance equals £11,500 in 2018. It is reduced by £1 for every £2 of income above £100,000, so it drops to zero for taxpayers with UK reported income of at least £123,000. Since we can observe all income reported in the UK, we can account for the phasing out to calculate the correct personal allowance for every remittance basis user.

After obtaining a lower bound on unremitted investment income and gains, we calculate the lower bound on *worldwide* investment returns used in Step 2 by adding the remittance basis user's investment returns remitted to and reported in the UK.

The estimated lower bounds are conservative for three reasons. First, being taxed on the remittance basis makes it harder to spend foreign income and gains, since bringing them into the UK would make them subject to UK tax. Thus, it is likely that people only claim the remittance basis if it saves significantly more in tax than what is implied by the charge. Second, given the tax breaks available, e.g., lower tax rates on dividends, various deductions and reliefs, most top earners pay lower effective tax rates than the top marginal income tax rate (Advani et al., 2023). The minimum

income that would make it worth paying the charge is therefore likely to be higher, when the value of the charge is grossed up from the true lower effective rate. Third, we focus on the loss of the personal allowance and the cost of the remittance basis charge as the amount that non-doms forego by electing to pay tax on the remittance basis. This excludes the loss of other allowances, including for dividends, savings, and capital gains. To the extent that taxpayers would otherwise value and use these, we underestimate the cost of claiming the remittance basis, and hence underestimate the minimum level of foreign-source income that a remittance basis user must have.

The implication of this conservatism is that we are likely to underestimate the additional tax due if remittance basis users were to lose access to the remittance basis. This implies that our migration elasticities are likely to be overestimates, since we treat the observed migration as the response to a smaller shift in tax liability than it really would be.

## C.2 Comparing to UK Doms with Similar Characteristics

As many remittance basis users will have significantly higher worldwide investment income and gains than the lower bound calculated in the first step, we obtain more refined estimates by comparing them to non-migrant UK-domiciled individuals with similar observable characteristics. We restrict the pool of UK doms to non-migrants because being domiciled for tax purposes is exogenous for them. Since UK doms are not eligible to claim the remittance basis, they must report their worldwide investment income in the UK. Our "donor groups" consist of UK doms with at least as much investment income as implied by the lower bound from step 1 who live in local areas with similar house prices, have similar levels of UK earned income, work in the same industry, and have similar age and gender as the remittance basis users.[17]

Specifically, within each of the different groups of UK doms defined by the minimum level of investment income, we regress total investment income (or capital gains or tax paid) on individual-level predictors including age, gender, UK earned income, industry, and median house price in the local area of residence. Again, we split up continuous variables into bins in order to estimate this flexibly.

## C.3 Imputing Worldwide Income and Gains, as well as Tax Paid

We then use the estimated coefficients to predict worldwide investment income (or gains or tax paid) of the corresponding remittance basis users based on their observed individual characteristics. Unremitted income is calculated as the difference between this estimate and the value reported in the UK. Total worldwide income is computed by adding reported earnings because these are fully observed in the tax data.

[17] We use house prices at the level of Lower layer Super Output Areas (LSOA). This is a very granular measure as LSOAs have an average population of only around 1,500 individuals.

# Appendix D Effects on Incomes, Taxes, and Investments of Stayers

We document that a minority of the affected super-rich emigrate in response to the tax reform. The majority who remain resident start paying tax on their worldwide income from 2018. In this appendix, we verify that the reform caused a large tax increase for the affected super-rich who stayed and estimate the effect on their economic and fiscal contributions to the UK. Combined with our analysis of the emigration effects on individual outcomes in Section 6 and firm and worker outcomes in Section 7, this enables us to quantify the impact on the UK economy and public finances.

We examine what amounts and types of income stayers report to the tax authority, how much tax they pay, and to what extent they reshuffle their investments after the differential tax treatment of domestic and foreign investment returns is eliminated.

## D.1 Empirical Strategy

We estimate the effects of removing the remittance basis on individuals who remain resident after the reform using a difference-in-differences approach similar to our analysis of the effects of tax-induced emigration in Section 6. Again, we compare remittance basis users who were affected by the reform to other remittance basis users who have been living in the UK for a considerable number of years but not long enough to be affected. Identification relies on the assumption that outcomes for the treatment group would have evolved similarly to the observed evolution in the control group if treated individuals had not lost access to the remittance basis.

We focus on individuals who claimed the remittance basis in 2017, the year immediately preceding implementation of the reform. The treatment group consists of individuals who have been resident for at least 15 of the last 20 years, including 2017, or explicitly report being deemed domiciled in the tax return. The control group includes remittance basis users who have been resident for 10–12 years to make sure all control individuals retain access to the remittance basis until 2020. To rule out compositional changes, we restrict the sample to individuals who are resident in each year considered. We limit the estimation window to 2014–2020 because enforcing a balanced panel over a longer period would reduce power.

We estimate pre-trends and reform effects using the following dynamic difference-in-differences specification:

$$Y_{it} = \sum_{\substack{k=2014 \\ k \neq 2017}}^{2020} \delta_k \times \mathbb{1}\{t = k\} \times T_i + \alpha_i + \gamma_t + \epsilon_{it}, \tag{D1}$$

where $Y_{it}$ is an outcome of interest for individual $i$ in year $t$, $\alpha_i$ denotes individual fixed effects, and $\gamma_t$ denotes year fixed effects. $T_i$ is the treatment group indicator defined above. Coefficients $\delta_k$ capture pre-trends for $k < 2017$ and dynamic treatment effects for $k \geq 2018$. The coefficient of pre-reform year 2017 is normalised to zero. By including individual fixed effects, we control for any time-invariant individual characteristics that could confound our effect estimate. By focusing on remittance basis users close to the 15-year threshold set by the reform, treatment and control group are likely to have similar characteristics in general. Year fixed effects absorb any common year-specific shocks. Standard errors are clustered at the individual level. As in the analysis of emigration effects, our main results are based on regressing outcomes in levels.

## D.2 Effects on Incomes, Taxes, and Investments

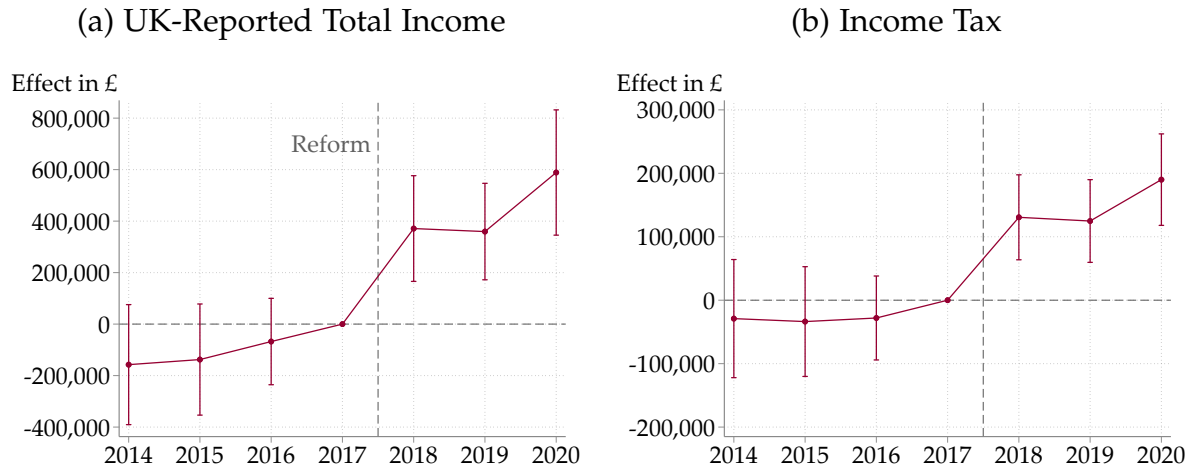
Figure D1 presents the effects of the reform on UK-reported income and Income Tax liability of affected individuals who remain resident. Pre-reform trends are flat, suggesting treatment and control group were on parallel trends before the reform. Figure D4 shows corresponding results for the extensive-margin effect, using an indicator for positive values as the outcome in Equation (D1).

**UK-Reported Total Income.** After worldwide income comes into scope of the UK tax net, total income reported in the UK increases massively. By 2020, three years after the reform, it has risen by £589,000 on average (Panel (a) of Figure D1). That is a 55% relative increase over the counterfactual mean absent treatment of £1.07m. There is no change over time in mean UK-reported total income in the control group. Summing the average increase of £589,000 over the roughly 2,300 stayers we track here, this results in an aggregate increase in UK-reported income by £1.3 billion.

At the extensive margin, the share reporting any income in the UK increases by 4 percentage points, from a baseline of 96%. Thus, all stayers report positive income after the reform. There are no individuals left who report precisely zero income after they lose access to the remittance basis.

**UK Income Tax.** The surge in reported income translates proportionally into tax revenue. On average, UK Income Tax liabilities increase by £190,000 (Panel (b) of Figure D1), representing a relative increase of 51%. When factoring in that treated individuals stop paying the charge to access the remittance basis after the reform, which cost £90,000 per year for most of them, the average increase in tax due is £103,000. These numbers underscore that the reform was effective at collecting more revenue from the targeted super-rich.

**Figure D1: Effects of Reform on UK Income and Tax of Stayers**




**Notes:** Dynamic difference-in-differences estimates of the effect of losing access to the remittance basis on individuals who remain UK resident. Panel (a) uses total income reported in the UK as outcome. Panel (b) uses Income Tax liability as outcome. Graphs display year-specific effects relative to pre-reform year 2017 and corresponding 95% confidence intervals, estimated using Equation (D1). Standard errors are clustered at the individual level. Estimation sample includes remittance basis users in 2017 who are UK resident in all years 2014–2020. Treatment group includes individuals who have been UK resident for 15–20 of the last 20 years in 2017. Control group includes those who have been UK resident for 10–12 of the last 20 years. Sample includes 22,015 individual-year observations from 2,464 treated and 681 control individuals.
**Source:** Authors' calculations based on HMRC administrative datasets.

The large positive effects on income reported and tax paid in the UK are sustained across post-reform years, meaning that the public finances benefit from a persistent increase in revenue collected from these taxpayers every year. In addition, this suggests that the super-rich cannot perfectly substitute away from using the remittance basis to (legal) tax avoidance (or even illegal tax evasion), although it does not rule out tax planning responses at the time of reform (Alstadsæter et al., 2022).

**Earnings vs. Investment Income.** Estimating separate effects on earned income and investment income, we find that they account for an equal share of the rise in total income. As Figure D2 shows, both earnings and investment income increase by about £300,000 (Panel (a)). Compared to counterfactual untreated outcomes of £763,000 for earnings and £309,000 for investment income, earnings go up by 38% whereas investment income almost doubles (up 97%). The increase in earnings is much larger than the pre-reform average foreign earnings reported to the tax authority (£35,000), even though by law they should have been reported in full. It seems unlikely that the reform triggered a large positive labour supply response, so we interpret the positive effect on earnings as evidence that foreign earnings were systematically underreported before the reform because they were not taxable in the UK. The substantial increase in investment income confirms that remittance basis users kept a large share of their

investments abroad before the reform, in line with the incentives provided by a tax regime that leaves unremitted foreign investment income untaxed. The extensive-margin effects also look similar for earnings and investment income, with the share reporting positive values increasing by 4–5 percentage points for each (Panel (b)).

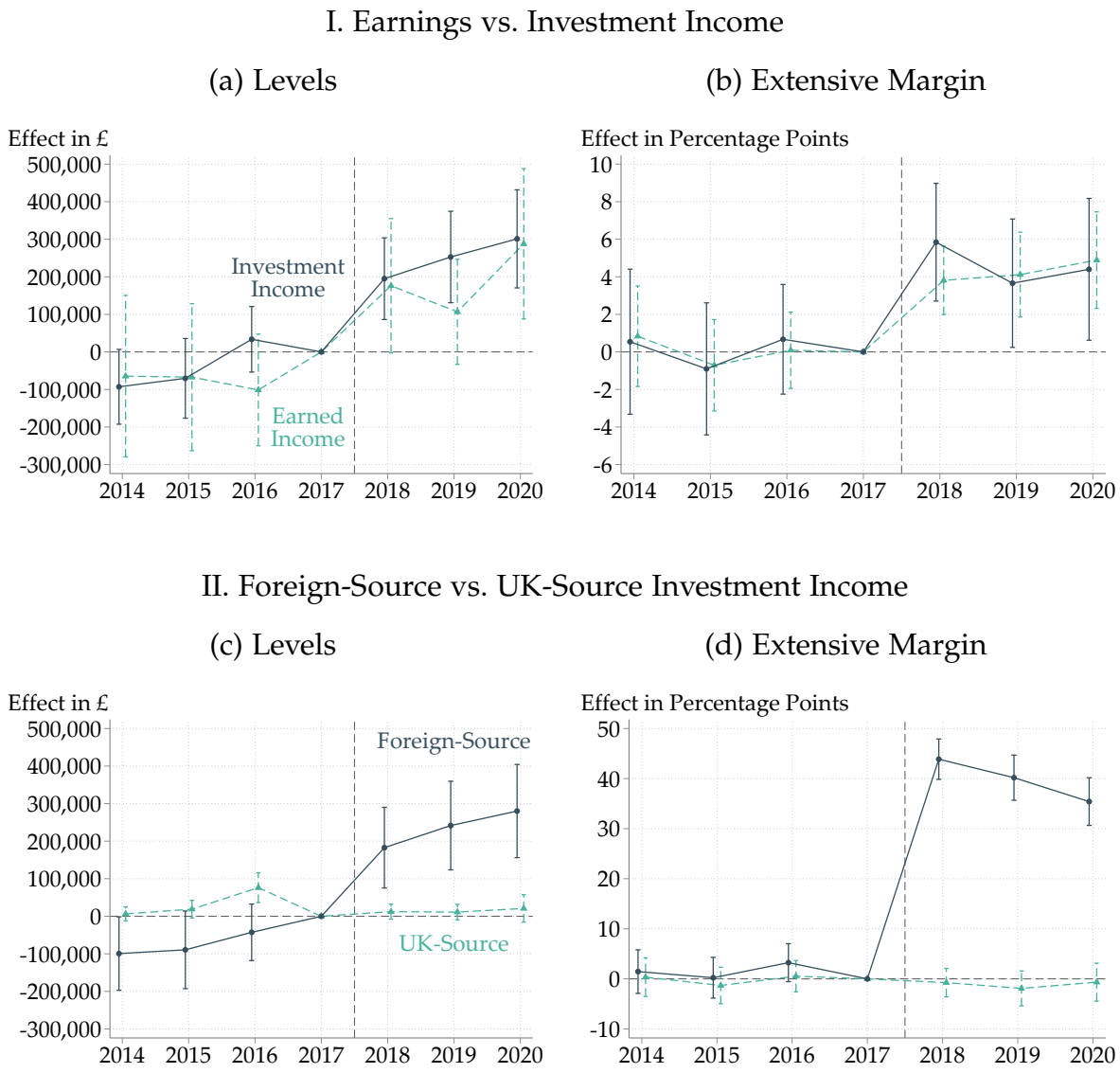
**Foreign-Source vs. UK-Source Investment Income.** To assess the economic consequences of the surge in investment income reported to the UK tax authority, the key question is whether it reflects a shift in real investment activity towards the UK or a mere increase in reporting of foreign investment income. While both of these actions have positive fiscal implications, the domestic economy only benefits from additional investment if assets previously held abroad are brought onshore. We break down investment income by whether it is derived from foreign-based or UK-based assets to disentangle the two responses.

We find that the increase in investment income is completely driven by income arising abroad which the affected stayers start to report to the UK tax authority after the reform. Panel (c) of Figure D2 shows that foreign-source investment income increases by £280,000, while the effect on UK-source investment income is very close to zero. Based on the 95% confidence intervals, we can rule out increases in UK investment income of more than £57,000 in any post-reform year. Panel (d) shows the extensive-margin results which tell the same story. The share reporting any foreign-source investment income jumps after the reform, more than doubling from a baseline of 37%. The effect on the fraction reporting any UK-source investment income is a precisely estimated zero, allowing us to rule out increases by more than 3 percentage points. The share with UK investment income remains completely flat at its pre-reform value of around 80%.

This implies that the removal of the disincentive for domestic investment has not led to any onshoring, even three years after the reform. The sizeable increase in reported investment income is entirely driven by foreign income that the super-rich have to declare on their tax return after losing access to the remittance basis. This result highlights that temporary distortions of investment behaviour, which are a feature of many impatriate regimes, may have permanent effects.

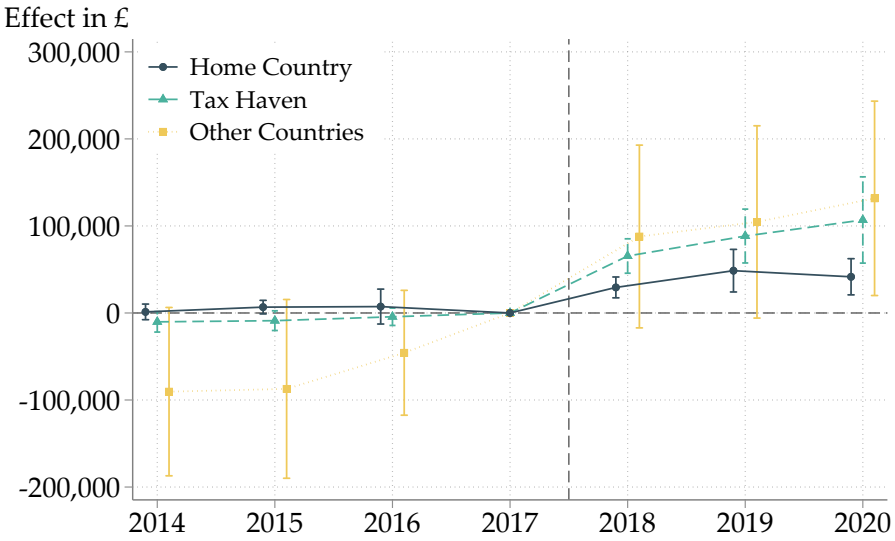
**Decomposing Investment Income by Source Country.** Do international investors actively use the remittance basis for tax avoidance or do they just passively benefit from the exemption of assets located abroad? To investigate this, we use granular information on the source country of investment income available in the tax records, examining whether investments are predominantly located in tax havens, where e.g. no withholding tax is due, or in other countries, especially in individuals' country of

**Figure D2: Effects of Reform on Earnings and Investment Income of Stayers**




**Notes:** Dynamic difference-in-differences estimates of the effect of losing access to the remittance basis on individuals who remain UK resident. Panels (a) and (b) use earnings and investment income as outcomes, in levels and as an indicator for positive values, respectively. Panels (c) and (d) use foreign-source and UK-source investment income as outcomes. Graphs display year-specific effects relative to pre-reform year 2017 and corresponding 95% confidence intervals, estimated using Equation (D1). Standard errors are clustered at the individual level. Estimation sample includes remittance basis users in 2017 who are UK resident in all years 2014–2020. Treatment group includes individuals who have been UK resident for 15–20 of the last 20 years in 2017. Control group includes those who have been UK resident for 10–12 of the last 20 years. Sample includes 22,015 individual-year observations from 2,464 treated and 681 control individuals.
**Source:** Authors' calculations based on HMRC administrative datasets.

**Figure D3: Effects on Foreign Investment Income of Stayers by Country Source**



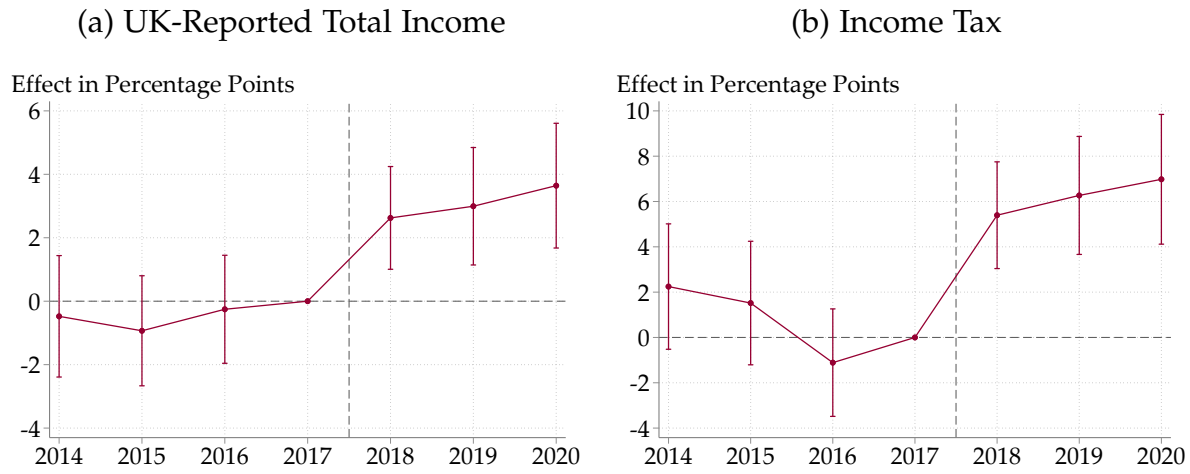

**Notes:** Dynamic difference-in-differences estimates of the effect of losing access to the remittance basis on individuals who remain UK resident, splitting up foreign-source investment income into source-country groups. Graphs display year-specific effects relative to pre-reform year 2017 and corresponding 95% confidence intervals, estimated using Equation (D1). Standard errors are clustered at the individual level. Estimation sample includes remittance basis users in 2017 who are UK resident in all years 2014–2020. Treatment group includes individuals who have been UK resident for 15–20 of the last 20 years in 2017. Control group includes those who have been UK resident for 10–12 of the last 20 years. Sample includes 22,015 individual-year observations from 2,464 treated and 681 control individuals.
**Source:** Authors' calculations based on HMRC administrative datasets.

origin. We split up foreign investment income by whether it arises in an individual's home country (based on nationality), tax havens, or other countries.[18]

Strikingly, Figure D3 shows that tax havens account for almost 40% of the overall increase in foreign investment income, with a point estimate of £107,000 in 2020. By contrast, investment income arising in one's home country makes up only 15% of the total effect, with an average increase of £42,000. Other countries account for the remaining £132,000. These findings suggest that the remittance basis is actively used for tax planning, shaping where investment activity is located, and does not merely provide a tax break on pre-existing investments.

[18]If an individual's home country is a tax haven, we classify the country as home country for this person, not as a tax haven. Following Zucman (2013), our list of tax havens includes: Andorra, Anguilla, Antigua and Barbuda, Aruba, Bahamas, Bahrain, Barbados, Belize, Bermuda, British Indian Ocean Territory, British Virgin Islands, Cayman Islands, Costa Rica, Cyprus, Dominica, Falkland Islands, Gibraltar, Grenada, Guernsey, Hong Kong, Isle of Man, Jersey, Lebanon, Liberia, Liechtenstein, Luxembourg, Macao, Malaysia, Malta, Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Palau, Panama, Pitcairn Islands, Saint Helena, Ascension and Tristan da Cunha, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Seychelles, Singapore, South Georgia and the South Sandwich Islands, Turks and Caicos Islands, Uruguay, US Virgin Islands, Vanuatu.

**Figure D4: Effects on UK Incomes and Tax of Stayers – Extensive Margin**




**Notes:** Dynamic difference-in-differences estimates of the effect of losing access to the remittance basis on individuals who remain UK resident. Outcome is an indicator for having positive values. Graphs display year-specific effects relative to pre-reform year 2017 and corresponding 95% confidence intervals, estimated using Equation (D1). Standard errors are clustered at the individual level. Estimation sample includes remittance basis users in 2017 who are UK resident in all years 2014–2020. Treatment group includes individuals who have been UK resident for 15–20 of the last 20 years in 2017. Control group includes those who have been UK resident for 10–12 of the last 20 years. Sample includes 22,015 individual-year observations from 2,464 treated and 681 control individuals.
**Source:** Authors' calculations based on HMRC administrative datasets.