



HM TREASURY

1 Horse Guards Road
London
SW1A 2HQ

Nicholas Macpherson
Permanent Secretary

Tel: 020 7270 4360/5158
nicholas.macpherson@hm-treasury.gov.uk
www.hm-treasury.gov.uk

George Osborne MP
Shadow Chancellor of the Exchequer
House of Commons
LONDON
SW1A 0AA

3 October 2007

Dear Mr Osborne,

COSTING OPPOSITION POLICIES

Thank you for your letter of 2 October.

Successive administrations have accepted that Ministers are entitled to ask officials to provide factual costings of opposition policies and pledges (detailed rules on responding to such requests are set out in the *Directory of Civil Service Guidance*). In responding to a request to cost an opposition policy, officials are required to draw attention to any assumptions or qualifications made. When costings have been made, it is for Ministers to decide on their presentation.


I enclose a copy of the costing in question: the assumption that you cite is clearly flagged in this costing. This assumption is based on the best estimates that statisticians based in HM Revenue and Customs were able to provide, in an area where data from both self-assessment tax returns and the Office of National Statistics are incomplete. I enclose a table setting out the number of people who declare non-domicile status on their self-assessment tax returns, as collected by HMRC, for the past nine years.

The then Economic Secretary answered a question in April about the tax treatment of people claiming non-domicile status, including "what estimates he has made of the tax forgone by the UK as a consequence of use of the remittance basis by those not domiciled in the UK". As the Economic Secretary replied, such estimates are not routinely made as the information required is not collected. The Economic Secretary's reply remains correct: there is no complete data set for the unremitted foreign income of non-domicilies, and the costing does not contain any such estimate.



INVESTOR IN PEOPLE

I agree that the principle of civil service impartiality must be protected. I am happy to confirm that Treasury officials will continue to operate to the highest standards of propriety. As your letter raises an important matter of wider public interest, you have published it, and I will also publish this response to you.

Yours sincerely


N I Macpherson

Individuals declaring non-domicile status on self-assessment tax returns

Tax Year	No of individuals
1996-97	68,000
1997-98	83,000
1998-99	91,000
1999-00	98,000
2000-01	106,000
2001-02	111,000
2002-03	110,000
2003-04	111,000
2004-05	115,000
2005-06	114,000