

5:8 NEWS REVIEW

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UK non-domiciles are threatening a mass exodus because of Labour's £30,000 tax. Rosie Millard meets the super-rich and finds a sheeplike mentality driving their decisions

In sitting in a minicab with a young blond Russian called George Shishkovsky. We are driving around north London, but he is showing me a London environment that I have never really seen before.

"We are going down one of the most prestigious roads in the area," Shishkovsky says. "On the right and the left you will find houses where the minimum price is £7m, but they go up to £20m."

He points out one that is on the market for £15m. It looks like a gargantuan doll's house, with Queen Anne-style pilasters and shuttered windows. It is surrounded by an immaculate swathe of emerald lawn and looks onto a street furnished with diplomatic parking signs. There are no corner shops, chemists or children. It's quiet enough to hear the birds singing. I comment that this road is hardly representative of life in the capital. "It's posh and safe," responds Shishkovsky.

This Hampstead street, and plenty of others in the suburb, he tells me, is perfect "non-dom-land". He should know since he provides buying opportunities for a host of non-dom clients. His company LondonDom.com offers a relocation service for mainly Russian, Ukrainian and European non-doms - the super-rich who come to Britain to work but whose main residence, or domicile (hence non-dom), continues to be overseas.

Until this month non-doms enjoyed a significant perk as they were taxed on their UK earnings only. All their other global assets were left in untaxed peace. Clearly a rather attractive arrangement, and a long-standing one at that, it was introduced in 1799 to boost the British economy during the Napoleonic wars.

The archaic nature of the setup out no ice with Alistair Darling in last year's pre-budget report, when the chancellor announced a £30,000 annual levy to be paid by each non-dom (and his or her family) who has lived in the UK for seven of the previous 10 tax years.

Even though this sum is clearly a bagatelle for most of them, the non-doms now feel unduly by the crown administration and many are hastily reassessing their enjoyment of life in

the UK. For enjoyable, it definitely was. "People who can afford to live here want the best," says Shishkovsky, a former radio DJ who got into the non-dom world when he tired of doing celebrity linkers for listeners back home in Moscow. "They have stayed in the best hotels in the world and they want to bring that style into their home. When they arrive they want everything done for them."

Now he will even fill in the council tax forms for his clients, if asked. "We will put an entire library of Russian-dubbed DVD films in [a house], if required, have fresh flowers everywhere, have the fires lit, the sheets ironed." What sort of sheets do non-doms sleep in? "Nine-hundred-thread-count Egyptian cotton only," says Shishkovsky.

It's not only the lighter tax burden compared with, say, New York that makes being a non-dom in the UK so attractive for the mega-rich; London is a place where you don't typically need a bodyguard, where it is safe (and acceptable) to travel on public transport and where - until recently, at least - you could make a bomb-proof investment simply by buying a house.

"It's a safe and simple way of taking money out of their country," says Shishkovsky. "For many non-doms, living in London is a way they can invest their money, educate their kids and start a business."

All of that is changing, he explains. "Taxation and property prices. That's what the issues are now," he says, as we drift around inside a penthouse flat overlooking Regent's Park that is on offer for £4.5m.

The flat is painted in inoffensive shades of sienna brown and magnolia. There is a lot of chrome and leather and the conveniences include air-conditioning, sliding glass doors, double bassins and sexy white pebbles in the fireplace.

It's just like a boutique hotel, I comment. "Exactly," says Shishkovsky. "These people, they like an international modern style. They have a horror of living in a Victorian terrace." Why? "They hate the idea of hearing their neighbours."

Funny types, non-doms. Later that night, in the course of recording a Radio 4 documentary about them, I meet a whole roomful. Swept up a key



Shishkovsky, fixer for the super-rich, will even supply 900-thread-count Egyptian cotton sheets to his clients

# I'm non-dom and outta here

the 17th floor of a glittering new City tower block in the centre of the Square Mile. I go to a meeting of the Indus Entrepreneurs (IE), a club that arranges talks by inspirational figures such as Aditya Mittal, the industrialist, and Tom Bisham, the architect. After a speech about how to be a global success, from James Caan of Dragons' Den fame, the entrepreneurs mill around eating canapés and drinking juice. All appear to be non-doms. Most of the ones I speak to are thoroughly fed up with the chancellor's changes.

"I'm almost certain to leave the UK within the next couple of years," says Connor Foley, an Irish non-dom and chief executive of a market trading company who has lived in London for the past five years.

"These changes are a spectacular own goal on behalf of the Labour government and I think it is a mistake they will regret. You'll see. Swiss, Americans, Irish - we'll all move out. There are plenty of other countries we can go to. The goalsposts have changed. And if they are changing, I'm changing."

Foley resists the charge that he is simply throwing his toys out of his cot. "I don't think I'm a special case. I pay all my taxes on the money I earn here. But why should I pay any key on my earnings outside the UK? I'm a huge net contributor to the exchequer."

This is, of course, a key argument for the non-doms; a report from Stonehage, the wealth management firm, suggests that non-doms spend more than £16 billion per annum in the UK, a figure nearly equivalent to the GDP of Luxembourg. Plus, the income tax they pay per capita, according to Stonehage, represents about eight times as much as the national average.

Intuitively, Andrew Rodger, a director of Stonehage, suggests that the government went ahead with its changes before really focusing on this persuasive data. "We worked with the same data the government had, but they reached some figures in earlier papers which Stonehage feels are too conservative," he says.

Too late. The non-doms have sensed a change in the air regarding their wealth and they don't like it. Even non-doms who were born here are rapidly reassessing their relationship with Britain.

"I was born and educated here but with substantial ties to India," says Alpesh Patel, head of an asset management company, at the IE evening. "This looks like the slippery slope. There's been a little bit of taking us for granted. And there are so many cities in which we can do business."

He laughs and waves a canapé about. "They have targeted a category of individuals who are exactly the ones who belong somewhere else. They have said, 'Here's the air fare'. All right then, cheero."

In Patel's view, a fundamental shift of tone will occur thanks to a general non-dom exodus. "The £30,000 doesn't matter. The point is that if others say they are moving, I may no longer be in a city with some of the world's leading entrepreneurs. A hell of a lot of them are moving to Dubai."

"Then there's Singapore, which is calling out to be the new London. I'm thinking I'm in the wrong place."

He's UK president, Nish Kotecha, an investment banker, suggests that to be a non-dom is similar to belonging to a club of super-talented frequent flyers who enjoy a strangely disconnected relationship with the place where they stash their toothbrush. Born in the UK and educated at the London School of Economics, Kotecha appears to have an utterly businesslike arrangement with his natal home.

"I consider myself fortunate to have had the opportunity to grow up here, but I don't consider myself a Londoner," he says. "Or an English person. I consider myself to be an Indian first. I was born and brought up in this country, but I consider myself to be a global citizen. I can be at home in any country I choose to live in."

A 42-year-old married father of two young children, in good health and with a flash City job, Kotecha sees himself as "a net gain" to the UK economy. "Eventually," he says, "we will retire outside this country. During the time we are here, we are bringing a lot

of value to the UK. What services do we use that we don't pay for? I pay taxes on my house, taxes on the land. I drive a car and pay road tax. I have income that I generate in the UK, which I pay tax on. We've opted out of sending our kids to a comprehensive school. They were born in a private hospital. We don't use the health service because we pay for private health cover."

He pauses. "What we are doing is subsidising people who do use public services. Which is fine, if that's the cost of living here. But how far do you push that cost - to a point where it finally breaks the camel's back? Too much is too much." Should he - and those like him - be given special status? "Absolutely."

Kotecha, who intends to retire in India, says that if business opportunities arose in the Middle East or Asia he would pack his bags tomorrow. "Because that's where I can maximise my value."

Is life all about "maximising your value", I wonder.

His answer is as pure non-dom as a 900-thread-count sheet: "I am an individual with a set of values and skills and I need to ensure that I can maximise the value I can create with those skills. If the UK cannot offer that opportunity then I must consider looking elsewhere."

Rosie and the Non-Doms is on BBC Radio 4, April 19, 10.30am

There's been a little bit of taking us for granted. There are so many cities in which we can do business

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## Pity the man who has to give the badger execution order

On one side the nation's farmers; on the other, Jilly Cooper and David Attenborough. As Roland White finds, badger culling is not black and white



If there is a badger version of Michael Winner, he could do worse than make a reservation at Jilly Cooper's kitchen window. Ordinary badgers get by on a diet of earthworms and grubs, but the Manx aux Quai Seasons of the badger world offers diners an extensive menu that includes leftover shepherd's pie, fish pie, rice and chicken - with only a Labrador dog to compete for the spoils.

"We have about 30 sets at the top of our wood," the novelist says at her home in the Cotswolds. "The badgers just come up to the window and they seem perfectly harmless and sweet."

Harmless and sweet they may be, but Cooper now fears for the future of her rightly venerated. Suddenly the fate of entire badger populations hangs in the balance. The trouble can be traced back to a single animal, infected with bovine tuberculosis and found dead on a Gloucestershire farm in 1971. It was this discovery that prompted scientists to wonder whether badgers might be

testing positive for the disease, and figures show that cases are doubling every 4½ years.

In a desperate attempt to stop the disease spreading, the Welsh assembly announced plans last week for a cull of badgers. Full details have yet to be revealed but Hilary Benn, the environment secretary, is considering a similar move in the worst-affected areas of England - the southwest, Staffordshire and Derbyshire.

Whatever decision he makes, it will be furiously contested. Puckrofs are already being sharpened in the countryside for what would be the most bitter and damaging political dispute since fox-baiting.

On one side are most farmers. They are supported by the National Farmers' Union, the Welsh assembly's chief vet and Sir David King, former chief scientist in Whitehall. Lining up against them, and ready to fight to the last set, are the Badger Trust, the RSPCA and celebrity

only 1,515 had TB," Cooper says. "The cattle are giving it to the badgers - that's what everybody believes."

At least three inquiries and reviews have examined the issue over the past 12 years. Each point they have raised seems to be a body cannot soon enough.

He's been fighting TB on his farm near Clynderwen, Carmarthenshire, on and off for nearly 15 years. To fight the latest bout of infection, restrictions on cattle movements have been in force at the farm for the past 17 months.

"We tested about 400 animals in March and we've got just one that's tested positive, but we've seen 100 more positive here

conclusion. He said a cull would be successful if carried out over a large area (more than 115 square miles) with "hard" boundaries - the sea or a large river, for example - and by competent officials.

For Stephen James, a farmer, a cull cannot come soon enough. He's been fighting TB on his farm near Clynderwen, Carmarthenshire, on and off for nearly 15 years. To fight the latest bout of infection, restrictions on cattle movements have been in force at the farm for the past 17 months.

"We tested about 400 animals in March and we've got just one that's tested positive, but we've seen 100 more positive here

By trapping badgers in cages before humanely destroying them the ISG trials were using the wrong culling method, James believes. "If a wild animal is trapped, it's going to be disturbed," he says. "His colleagues are going to realise and move on. And the animals that moved on were carrying the disease."

He suggests a legal form of snaring the animals and then shooting them, as in Ireland, where the culling was successful because of the disease but British conditions are very different.

Some badger groups blame intensive farming methods for the spread of the disease but James dismisses this idea. "You can speak to plenty of organic farmers who have the same trouble," he says.

As Benn stares forlornly at his in-tray and perhaps hopes for a quick cabinet reshuffle, here is an unhappy thought. "Whoever makes the decision about badger culling hasn't got a great future in politics, basically," James says. "If you're the one that suggests culling wildlife, the chances of your getting further in the political field might be challenged."

As if that weren't bad enough, some scientists believe that a