

CONSTITUTIONAL REFORM AND GOVERNANCE ACT 2010

EXPLANATORY NOTES

SUMMARY

Part 4: Tax status of MPs and members of the House of Lords

11. **Part 4** of the Act provides that Members of Parliament and most members of the House of Lords are to be deemed to be resident, ordinarily resident and domiciled (“ROD”) in the United Kingdom for the purposes of income tax, capital gains tax and inheritance tax. As a result, MPs and Lords will be liable to pay these taxes in the UK on their worldwide income, gains and assets regardless of their actual status in the UK, and will be unable to access the remittance basis of taxation.
12. The deemed status will start from the tax year 2010-2011, and will apply to individuals in whole tax years (including where an individual is a member only for part of a tax year). The deemed status will apply to MPs once they have taken the oath of allegiance, at the start of the new Parliament in 2010. It will apply to members of the House of Lords, with the exception of the Lords Spiritual and those temporarily disqualified from sitting in the House by virtue of being an MEP or a judge, following a three month transitional period. During the transitional period members of the House of Lords will be able to state that they do not wish to be subject to the deemed status and leave the House without the deemed status applying to them. Members who leave the House of Lords under this Part will remain disqualified from being, or being elected as, a member of the House of Commons for three years beginning with the date on which they give notice that they do not wish to be subject to the deemed status. Those who remain members at the end of the three month transitional period will automatically be deemed ROD from the start of the 2010-11 tax year.