



No-deal Brexit Doesn't Scare Wealthy Brits; a Corbyn-led Government Does

With this week's developments in Great Britain's ongoing Brexit chaos, it's unsurprising that many wealthy citizens of the U.K. may be looking to relocate to other nations to escape the madness. But the reason many might look to flee the troubled nation has nothing to do with the specter of a possible no-deal Brexit. Instead, many wealthy Brits cannot fathom the possibility of living under a Jeremy Corbyn-led Labour government.



With Prime Minister Boris Johnson having moved to prorogue Parliament for five weeks and having ousted 21 MPs from the Conservative Party for siding with Labour, along with Parliament's move to wrest control of the issue and ruin Johnson's chance of bargaining for a better agreement by blocking any chance of a no-deal Brexit, the probability that a general snap election will be called is extremely high.

If a snap election is held, there is a chance that Conservatives, already deprived their governing majority with the defection of the 21 MPs Johnson ousted, might lose to the Labour Party, which is currently led by far-left politician Jeremy Corbyn. The last time the Labour Party led the government was when Gordon Brown served as prime minister from 2007-2010.

Many affluent Brits are already prepared for the possible disruption of a no-deal Brexit. What they're not prepared for is a Corbyn-led government.

"It's clear there would be a major outflow of high net-worth individuals and families if a Corbyn government was to come to power," said Chris Kalin, group chairman of Henley and Partners Group, a Zurich-based financial advisory firm. One of Henley and Partners' main focuses is to assist the wealthy in relocating to tax havens.

"[A Corbyn-led government] is the big fear, not Brexit or even a no-deal Brexit. That doesn't make any difference to our clients."

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A good indicator of where a Corbyn-led government would like to lead Great Britain is the [2017 Labour Party Manifesto](#). Among the things the manifesto calls for are substantial tax increases — especially for those who earn £80,000 (\$97,661) or more.

In addition, [a report](#) commissioned by the Labour Party this year called for higher taxes on empty luxury homes, particularly high-end luxury apartments in London's exclusive Knightsbridge district which have been put on the market for more than \$100 million.

The report also called for "reforming" the inheritance tax and putting higher levies on foreign-owned properties.

Should taxes be raised on wealthy individuals, it would hit those who live in and around London the



Written by [James Murphy](#) on September 4, 2019

hardest because of the area's high cost of living. "There's a massive discrepancy from the southeast (where London is located) to other parts," said London tax advisor to the wealthy Mark Davies. "Everything is being looked at from a single nation point of view, but the reality is there's a difference in where you live."

Keeping personal finances private is not something that a Corbyn-led government would find important either. Yet another [party report](#) published in 2017 calls for individuals earning more than one million pounds per year to be required to file tax returns publicly. The report also raised the very socialistic prospect of creating a public ownership register for trusts and all company shareholders. Current law only requires the disclosure of major shareholders of companies.

And speaking of socialism, the Labour Party also looks to undo privatization of certain key industries that occurred under former Prime Minister Margaret Thatcher. Among the industries that Corbyn and the Labour Party look to nationalize are energy and water providers, railroads, and postal delivery. Should this be done, government would be required to compensate private stockholders for their shares, but could choose to do so based on a book-value basis instead of a market-value basis.

These proposed policies have many wealthy Brits preparing for the worst. Last year, for instance, even before the threat of a general snap election, the U.K.'s richest person, Jim Ratcliffe, the founder of chemical conglomerate [Ineos AG](#), announced he was moving to Monaco and he was taking two other billionaire Ineos executives with him.

Other wealthy Brits are investigating moving to countries with low tax rates and quick citizenship approval such as Monaco, Portugal, and Malta. Even Italy now has an option of an annual flat tax of 100,000 euros (which is very low for someone with an income in the millions of euros per year) in order to lure wealthy foreigners to the country.

Socialism destroys incentives for wealth producers. Even the threat of it has wealthy Englishmen looking to move elsewhere.

"Many of our clients come from jurisdictions where there's been far-left regimes," said Davies. "They say, we know what this is: they tax the rich and essentially give away their money. It always reminds me of one of Margaret Thatcher's favorite quotes: The trouble with socialism is that eventually you run out of other people's money."

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