

# Preventing Delayed Overseas Income Disclosure Among New UK Tax Residents: A Behaviourally Informed Policy Proposal

Daramola Joseph Omoyele\*

Independent Researcher, United Kingdom

\*Corresponding Author

Daramola Joseph Omoyele, Independent Researcher, United Kingdom.

Submitted: 2026, Mar 23; Accepted: 2026, Apr 13; Published: 2026, Apr 20

**Citation:** Omoyele, D. J. (2026). Preventing Delayed Overseas Income Disclosure Among New UK Tax Residents: A Behaviourally Informed Policy Proposal. *J Invest Bank Finance*, 4(1), 01-10.

## Abstract

*This paper examines delayed overseas income disclosure among new UK tax residents and proposes a Residency Tax Orientation Statement (RTOS) as an early guidance intervention within HM Revenue and Customs' (HMRC) Government Gateway digital services. It identifies a recurring compliance pattern in which some individuals entering the UK tax system through Pay-As-You-Earn (PAYE) employment treat employer withholding as if it settles their full tax obligations. As a result, overseas income, including rental receipts, business profit distributions, foreign investment returns, and overseas pension income, may remain undeclared for several tax years. In some cases, HMRC detects such non-compliance only after a substantial delay, by which point retrospective assessment, interest charges, and penalties may be difficult to avoid.*

*The proposed RTOS would address this information gap through a brief yes-or-no orientation check presented at an early administrative touchpoint, directing users to relevant guidance without creating tax liability, requiring asset disclosure, or triggering enforcement action. Drawing on behavioural tax compliance theory, comparative tax administration, and published HMRC administrative data, the paper argues that a low-cost, well-timed intervention within existing digital infrastructure may help reduce delayed disclosure, improve taxpayer understanding of worldwide income obligations, and lower the volume of multi-year compliance investigations. More broadly, the paper shows how a preventative compliance approach may be incorporated into existing UK administrative arrangements.*

**Keywords:** Tax Compliance, Tax Residency, Overseas Income, Worldwide Income Reporting, Hmrc, Behavioural Public Economics, Tax Administration, Preventative Compliance, Digital Governance, Administrative Design

## 1. Introduction

Tax compliance systems often face an information gap when individuals acquire tax residency in a new jurisdiction. Revenue authorities generally have the capability to detect the initiation of domestic employment income through employer reporting. However, they may not possess a similarly timely method for identifying ongoing foreign income streams once an individual has established residency. In the United Kingdom, this gap creates a compliance vulnerability for individuals who become UK tax residents while retaining overseas income-generating assets.

UK tax law generally requires UK tax residents to consider reporting obligations in relation to worldwide income, subject to applicable statutory rules and exceptions under the Income Tax Act 2007 and the Taxation of Chargeable Gains Act 1992. Nevertheless, delayed awareness of this obligation appears to contribute to a subset of compliance failures. This paper argues that such failures may reflect not a deficiency in tax law but a problem of administrative timing: the moment at which some new residents first encounter the worldwide income rule is the point of an HMRC enquiry, which may arise some years after the obligation first arose.

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The observation that system design, not merely taxpayer intent, shapes compliance outcomes is well grounded in the literature argue that the design of tax administration, including reporting requirements, withholding systems, and information flows, exerts a first-order influence on compliance rates independent of deterrence. identify tax literacy deficits, particularly among those encountering a new tax system, as a significant driver of unintentional non-compliance. In the UK context, HMRC's own strategic framework distinguishes between non-compliance arising from deliberate evasion and that arising from error or misunderstanding, recognising that the two require different responses. The present paper situates delayed overseas income disclosure firmly in the second category and proposes an intervention calibrated accordingly [1-3].

The Residency Tax Orientation Statement (RTOS) is proposed as a one-time, guided orientation check embedded within the Government Gateway account creation process. It asks new residents whether they hold common categories of overseas income and, where relevant, routes them to existing HMRC guidance. The mechanism would impose no new tax obligations and, at the pilot stage, may not require primary legislative change.

The paper proceeds as follows. Section 2 describes the methodological approach. Section 3 contextualises the compliance problem with reference to migration trends and published HMRC data. Section 4 maps the administrative process through which delayed disclosure occurs. Section 5 situates the proposal within HMRC's compliance strategy and the preventative compliance literature. Section 6 applies behavioural compliance theory. Section 7 sets out the policy design. Section 8 presents an illustrative compliance pathway. Section 9 addresses equity implications with reference to horizontal equity principles. Section 10 surveys comparative international practice. Section 11 outlines an implementation pathway and addresses technical feasibility. Section 12 proposes an evaluation framework. Section 13 concludes.

The paper contributes in three ways. Firstly, it reframes delayed overseas income disclosure as a timing problem in administrative design, situating that reframing within an established body of work on compliance system design [1,4]. Secondly, it applies behavioural compliance theory to identify the mechanisms through which late disclosure persists in the absence of deliberate evasion, drawing on the slippery slope framework and default-setting theory. Thirdly, it advances an operational policy proposal that is low in cost, compatible with existing digital infrastructure, and amenable to formal pilot evaluation [5,6].

## 2. Methodological Approach

This paper adopts a qualitative policy analysis methodology, combining three analytical procedures: administrative process mapping, behavioural compliance theory application, and comparative policy review.

The administrative process mapping in Section 4 draws on published HMRC administrative data, HMRC annual reports, and the academic literature on information asymmetry in tax systems to reconstruct the sequence through which delayed overseas income disclosure typically occurs. The eight-stage failure chain is constructed analytically, drawing on published enforcement data and the established literature on PAYE-based compliance. It is a schematic representation of a recurring pattern, not a statistical claim about frequency [7,8].

The behavioural compliance analysis in Section 6 is grounded in the academic literature on tax psychology and nudge theory, with primary reference to, and [5,9]. The comparative policy review in Section 10 draws on published guidance documents and academic commentary for each jurisdiction reviewed; the specific sources for each comparator are cited in that section.

No individual taxpayer records were accessed. The analysis does not rely on any unpublished HMRC data. Quantitative figures cited are drawn from publicly available official statistics; where figures reflect practitioner observation rather than published data, this is noted and qualifying language is applied. This is a policy-analysis paper. It does not present an econometric evaluation or causal impact assessment; formal causal evaluation is proposed as the product of the pilot phase described in Section 12.

## 3. The Scale of the Compliance Problem

The United Kingdom has experienced sustained inward migration in recent years, producing a growing population of individuals who become UK tax residents while retaining financial connections to other jurisdictions. Changes in migration policy following the UK's departure from the European Union, together with skilled migration under routes such as Global Talent and Skilled Worker visas, have likely increased the proportion of new residents with continuing overseas financial interests [10]. ONS data indicate substantial long-term migration into the United Kingdom annually, a meaningful proportion of whom subsequently become UK tax residents (ONS, 2025). The precise number of new tax residents each year is not separately published, as the category depends on the application of the Statutory Residence Test introduced by the Finance Act 2013, and individuals may not know they meet its conditions.

The fiscal consequences of late overseas income disclosure are non-trivial in aggregate. HMRC's most recent tax gap estimates place the overall gap at £46.8 billion, representing 5.3% of theoretical liabilities in 2023-24 [3]. The overseas undeclared income component is not published separately. However, the scale of HMRC's targeted enforcement activity in this area provides a partial indication: HMRC's 2024-25 Annual Report records that HMRC dispatched 20,000 letters to taxpayers with potential undeclared foreign income in that year, recovering £80.1 million through the Worldwide Disclosure Facility [7]. It should be noted that the WDF population is broader than the specific cohort addressed in this paper; not all WDF cases involve new residents with PAYE employment. The figures are cited as an indicator of

the aggregate scale of overseas income non-disclosure, not as a direct measure of the target population.

Individual compliance investigations carry substantial unit costs. HMRC's published impact assessments confirm that compliance investigations are resource-intensive, though disaggregated per-case cost figures are not publicly reported in a form that permits direct citation (HMRC, 2024). The compound effect of interest and penalties accumulated over a multi-year non-disclosure period

increases both the taxpayer's liability and HMRC's administrative burden relative to what timely voluntary disclosure would have produced [8].

If inward migration remains at recent levels, the volume of delayed overseas income cases may grow correspondingly. A preventative intervention at the earliest point of entry into the digital tax system represents one means of addressing this trajectory at low administrative cost.

Indicator	Data and source
Volume of new UK tax residents (annual)	Not separately published; depends on Statutory Residence Test application (Finance Act 2013). ONS data indicate substantial long-term migration annually (ONS, 2025)
HMRC overall tax gap, 2023-24	£46.8 billion; 5.3% of theoretical liabilities (HMRC, 2025a)
Worldwide Disclosure Facility recovery, 2024-25	£80.1 million recovered; 20,000 letters issued to taxpayers with potential undeclared foreign income (HMRC, 2025b). Note: The WDF population is broader than new PAYE-registered residents.
HMRC per-case investigation cost	Disaggregated per-case figures are not publicly reported; investigations are confirmed as resource-intensive in published impact assessments (HMRC, 2024).
Detection timing: overseas income	No published figure for average delay. Detection typically follows an administrative or intelligence trigger; published average delay figures are not available; some cases appear to involve multi-year detection lags

**Table 1: Selected Indicators: New Uk Tax Residency and Overseas Income Compliance**

#### 4. The Administrative Process: How Delayed Disclosure Occurs

Existing commentary on the overseas income compliance gap tends to focus on outcomes, such as the incidence of undeclared income, rather than on the sequential administrative process through which the gap is created. This section maps that process, drawing on the information asymmetry framework developed by in their analysis of third-party reporting and self-reported income [4]. Their finding that compliance rates are substantially higher for income subject to third-party reporting than for self-reported income is directly relevant: overseas income of the types addressed in this paper falls almost entirely in the self-reported category, without the reporting infrastructure that supports domestic income compliance.

The process can be understood in eight stages, each of which creates conditions for the next. At Stage 1, an individual arrives in the UK and acquires tax resident status under the Statutory Residence Test; HMRC receives no structured signal confirming this transition. At Stage 2, the individual commences UK employment under PAYE; that system covers domestic employment income only and does not prompt consideration of overseas income sources. At Stage 3, since PAYE withholding addresses immediate requirements, Self-Assessment registration does not begin, and no overseas income prompt occurs.

At Stage 4, overseas rental income, family business distributions, or investment returns continue to be managed in the country of origin, often through prior arrangements with a local accountant who may have no awareness of UK filing obligations. At Stage 5, the Common Reporting Standard (CRS) and Foreign Account Tax Compliance Act (FATCA) frameworks provide only partial coverage of the income types at issue. CRS, implemented in the UK through the International Tax Compliance Regulations 2015, focuses on financial account information held by financial institutions; it does not capture rental income from directly held property or income from unincorporated businesses. FATCA similarly targets financial accounts. Rental receipts and unincorporated business profits therefore fall outside the international exchange infrastructure that might otherwise bring them to HMRC's attention.

Stages 6 through 8 describe the cumulative outcome: as several years elapse without disclosure, arrears, interest, and penalties accumulate; an enquiry is eventually triggered through intelligence or third-party data; and the taxpayer faces a retrospective liability that, in many cases, appears to come as a genuine surprise. The RTOS is designed to intervene between Stages 2 and 3, creating a structured guidance prompt at the point the individual first enters HMRC's digital system.

Stage	Event	Information gap
1	Individual arrives in UK; acquires tax resident status under the Statutory Residence Test	No structured onboarding signal confirming tax residency is received by HMRC
2	Commences UK employment under PAYE	PAYE covers domestic employment income only; no overseas income prompt exists
3	Does not register for Self-Assessment	No mechanism prompts an overseas income check at this stage
4	Overseas income continues to arise abroad	Income managed through prior arrangements, outside UK administrative visibility
5	CRS and FATCA do not capture non-financial income (rental, unincorporated business)	These income types fall outside international exchange frameworks; no automatic third-party reporting to HMRC
6-7	Several years elapse; HMRC enquiry triggered via intelligence or data exchange	Arrears, interest, and penalties accumulate; multi-year retrospective assessment unavoidable
8	Taxpayer faces retrospective liability	Matter may be presented as a misunderstanding of worldwide income rules rather than deliberate non-disclosure

**Table 2: Administrative Stages of Delayed Overseas Income Disclosure**

### 5. Alignment with HMRC's Compliance Strategy and the Preventative Compliance Literature

HMRC's compliance framework distinguishes between promoting good compliance and preventing non-compliance [3]. This distinction maps onto a broader literature on preventative versus corrective compliance design. argues that tax systems that invest in early education and communication tend to produce higher voluntary compliance rates than those relying primarily on detection and sanction. Similarly, guidance on compliance risk management emphasises upstream interventions as more cost-effective than downstream enforcement for addressing misunderstanding-driven non-compliance [11,12].

The RTOS is designed to serve both of HMRC's strategic objectives simultaneously. On the promotional dimension, it delivers existing HMRC guidance on worldwide income obligations, Self-Assessment registration criteria, and treaty exemptions at the point when it is most likely to influence behaviour: before the individual has formed an inaccurate understanding of their obligations. On the preventative dimension, it addresses unintentional non-compliance before it accumulates into enforceable debt, at relatively low administrative cost.

The proposal does not require HMRC to create new enforcement powers or amend existing tax law. It uses existing digital infrastructure to deliver existing guidance at an earlier point. For a pilot deployment, the RTOS appears capable of operating within HMRC's existing administrative discretion under the Taxes Management Act 1970, though any formal implementation would require legal and operational review. has noted that HMRC's compliance yield could be improved through earlier intervention in cases where misunderstanding, rather than evasion, is the primary driver; the RTOS is consistent with that observation [13].

In operational terms, the RTOS may support earlier voluntary disclosure of overseas income; a reduction in multi-year retrospective enquiries; increased first-year overseas income reporting; and fewer disputes attributable to unexpected

retrospective liabilities. These outcomes are consistent with both HMRC's stated strategic objectives and the preventative compliance framework advanced in the literature.

### 6. Behavioural Drivers of Late Disclosure

Understanding why some new residents fail to disclose overseas income is necessary for designing an effective intervention. The behavioural tax compliance literature, reviewed comprehensively by and updated in identifies several mechanisms through which non-compliance arises in the absence of deliberate evasion. Five such mechanisms are relevant to the population addressed in this paper [9,14].

First, complexity avoidance. Individuals confronted with an unfamiliar tax system tend to default to inaction rather than incorrect action. The interaction between UK tax law, double taxation treaties, and the remittance basis is genuinely complex. As demonstrate within the slippery slope framework, compliance behaviour is shaped by the perceived power of the tax authority and the degree of trust taxpayers place in it. Critically, where the appropriate course of action is unclear, inaction is the modal response. find that self-employment income, which carries higher reporting complexity, shows significantly lower compliance rates than third-party reported wage income, a pattern consistent with complexity-driven inaction rather than deliberate evasion. The RTOS would address this by providing targeted guidance by income type, reducing the navigational burden that promotes inaction [4,5].

Second, uncertainty delay. New residents often intend to resolve their tax position once they are more settled in employment or residence. As establish in their treatment of choice architecture, the design of defaults powerfully determines outcomes under conditions of uncertainty. Absent a structured prompt, deferral can extend across several tax years. The RTOS creates a defined moment of action at the first point of digital engagement, making disclosure review the default step rather than an indefinite future intention [6].

Third, the foreign taxation assumption. Many individuals hold the misconception that income that is taxed or taxable in the country of origin is not separately reportable in the United Kingdom. This misunderstanding is particularly prevalent where overseas income pre-dates UK residency and has been managed for years under foreign tax arrangements. identify this type of tax literacy failure as a major source of unintentional non-compliance among internationally mobile taxpayers [2]. The RTOS would surface this assumption directly at the point of entry.

Fourth, fear of procedural error. Some individuals who suspect they may have obligations refrain from filing because they are concerned about making a mistake. As notes in his review of sludge in tax administration, administrative complexity can actively discourage compliance: where the filing process appears daunting, avoidance of engagement becomes the path of least resistance. Framing the RTOS as an educational, non-investigative step, one that directs users to guidance rather than recording formal

admissions, removes this deterrent.

Fifth, continuation of prior financial arrangements. New residents often continue to manage overseas assets through the same channels used before UK residency, without adjusting for reporting implications. This reflects a form of status quo bias identified by in which prior arrangements continue by default absent a positive reason to change them. The RTOS is intended to interrupt this inertia at the first encounter with HMRC's digital services [15].

Taken together, these mechanisms suggest that late disclosure is frequently a product of bounded attention, tax literacy deficits, and poorly timed administrative communication rather than concealment. This is consistent with the distinction draw between enforced compliance, produced by deterrence, and voluntary compliance, produced by trust and understanding. An intervention targeted at the understanding deficit is more appropriate for this population than a deterrence-focused response.

Behavioural driver	Mechanism	RTOS response
Complexity avoidance.	Inaction as default when obligations are unclear; modal response to navigational complexity (Kirchler et al., 2008; Kleven et al., 2011)	Income-type-specific guidance reduces information burden at the point of entry
Uncertainty delay.	Deferral across tax years when no structured prompt exists; default choices dominate under uncertainty (Thaler and Sunstein, 2008)	Creates a defined moment of action at first registration
Foreign taxation assumption.	Belief that income taxed abroad is not UK-reportable; tax literacy deficit (James and Alley, 2002).	Directly addresses the misconception at the point of entry
Fear of procedural error.	Avoidance of filing to prevent making a mistake; administrative sludge discourages engagement (Alm, 2023).	Educational framing: no liability or investigation trigger associated with completion
Continuation of prior arrangements.	Managing overseas assets as before residency, without UK adjustment; status quo bias (Kahneman et al., 1991).	Interrupts inertia at first digital touchpoint

**Table 3: Behavioural drivers of late disclosure and proposed RTOS responses**

## 7. Policy Design: The Residency Tax Orientation Statement

### 7.1. Integration Point and Identification of New Residents

Of the available administrative touchpoints, Government Gateway account creation is proposed as the primary delivery mechanism. Government Gateway is the authentication platform through which taxpayers access HMRC's digital services. It is the predominant touchpoint for individuals registering for Self-Assessment, activating a PAYE record, or accessing their personal tax account. Deployment at this point may not require primary legislation and could potentially make use of existing HMRC digital infrastructure, though any formal implementation would require confirmation through legal and operational review.

A design question raised in preparing this paper concerns how new tax resident status would be identified within Government Gateway, which does not currently collect nationality or immigration status. The RTOS proposal addresses this through a self-identification mechanism: the check would be presented to all new Government Gateway account holders via a brief

introductory question asking whether the individual has recently moved to the United Kingdom or begun their UK tax residence within the previous 24 months. This approach is simple and avoids any requirement for immigration data linkage. Its limitation is reliance on self-identification, which means that individuals who do not self-identify as new residents would not receive the check. A secondary administrative linkage approach, drawing on Home Office visa arrival data through existing data-sharing gateways, is noted as a potential enhancement for the full deployment phase, subject to appropriate data governance arrangements.

The RTOS would be presented during initial account setup as a one-time 'New UK Tax Resident Check,' designed as a brief guided interaction.

### 7.2. Instrument Design

The RTOS questionnaire asks only whether the individual receives or holds any of the following categories of overseas income or assets. No values, amounts, or asset disclosures are requested at

this stage. The instrument is designed to be binary, to cover the most common overseas income types relevant to new UK residents, and to be non-threatening in framing. Overseas pension income

has been included in recognition that it is a common income type among returnees and internationally mobile professionals.

Question	Yes	No
Do you own or receive income from property outside the United Kingdom?	[ ]	[ ]
Do you own shares or hold a stake in a business outside the UK?	[ ]	[ ]
Do you receive dividends, profits, or distributions from an overseas business?	[ ]	[ ]
Are you a partner in, or beneficiary of, a family enterprise or trust located abroad?	[ ]	[ ]
Do you receive dividends or interest from overseas bank or investment accounts?	[ ]	[ ]
Do you receive pension income from an overseas employer or foreign pension scheme?	[ ]	[ ]
Do you regularly receive funds transferred from overseas (remittances)?	[ ]	[ ]

**Table 4: Proposed Rtos Orientation Questions**

An affirmative response to any question would route the individual to guidance specific to that income type, covering relevant HMRC guidance pages, applicable treaty summaries, Self-Assessment registration criteria, and record-keeping expectations. Individuals with no overseas income sources would progress through the check without further action.

### 7.3. Safeguards

A central design requirement is that the RTOS should not generate unnecessary Self-Assessment registrations or create disproportionate burdens for individuals whose affairs are straightforward. Six safeguards are built into the design. First, the RTOS would not automatically trigger a Self-Assessment registration; it would provide guidance on when registration may be required. Second, guidance would distinguish income types that require registration from those that may be covered by treaty exemptions or the remittance basis. Third, no tax liability would be created by completing the RTOS. Fourth, data collected through the RTOS would not be used as an investigation trigger during the pilot phase; the mechanism would function as a guidance tool only. Fifth, completion of the RTOS would not constitute notification of chargeability. Sixth, the framing would be explicitly educational so as to reduce the risk that individuals interpret participation as a compliance event.

One design tension concerns the fourth safeguard's post-pilot status. The safeguard is specified for the pilot phase only. A decision on whether to retain the non-use restriction for full deployment is a matter for HMRC's legal and operational review and falls outside the scope of this proposal. The paper notes that the answer has material implications for how taxpayers are likely to perceive and engage with the mechanism: if RTOS data were later used as an investigation trigger, the educational framing of the instrument would require reassessment.

### 8. An Illustrative Compliance Pathway

The administrative logic of the RTOS becomes clearer when set against the current sequence. Under present arrangements, an individual may arrive in the UK, become tax resident, and

commence employment under PAYE without receiving any structured prompt regarding continuing overseas income. With no clear trigger perceived, Self-Assessment registration does not occur. Foreign rental or business income continues to be managed through prior arrangements. In due course, HMRC becomes aware of the income through data, intelligence, or other channels, and the matter becomes a multi-year compliance case.

The following scenario is a hypothetical composite, constructed to illustrate the failure chain described in Section 4. It does not represent any individual case.

An individual relocates to the United Kingdom under a Skilled Worker visa and commences employment with a UK-based employer. Tax is deducted at source under PAYE. Because HMRC makes no further contact and employment tax appears fully managed, the individual assumes their UK tax affairs are in order. In the country of origin, rental income continues to be received from a property held prior to the move and is administered by a local managing agent. Several years later, HMRC identifies the overseas rental income through third-party data or international information exchange. A multi-year assessment follows. The individual, who is receiving professional tax advice for the first time, reports that they understood income already subject to foreign tax to be outside the scope of UK reporting. They state they would have filed from their first year of residence had they understood the obligation.

Had the RTOS been presented at Government Gateway registration, the property income question would have triggered guidance on overseas rental income obligations, including the Self-Assessment registration threshold and the treatment of foreign tax credits. In many such circumstances, earlier guidance may have reduced the likelihood of a later compliance case. The key mechanism in this pattern is the timing of awareness rather than deliberate non-disclosure.

### 9. Equity Considerations in Compliance Timing

Tax systems derive legitimacy in part from the horizontal equity of their application. Horizontal equity, the principle that individuals

in substantially similar positions should bear substantially similar tax burdens, is a foundational norm in tax theory. In the context of compliance administration, horizontal equity requires not only that the tax law treat comparable taxpayers comparably, but that the administrative processes through which that law is enforced do not systematically advantage some taxpayers over others on the basis of factors unrelated to their legal position [16,17].

The current administrative configuration produces an asymmetric outcome that sits uncomfortably with horizontal equity. Two individuals with comparable income profiles and identical legal obligations under the worldwide income principle may follow quite different compliance paths depending solely on whether their rental income originates from a domestic or overseas source.

UK-sourced rental income is more visible to HMRC from an early stage through domestic data sources: letting platform data, land registry transactions, and local authority licensing registers all provide third-party information that supports early identification.

By contrast, overseas rental income from the same UK tax resident may remain undetected for several years, pending an intelligence trigger, voluntary disclosure, or data received through international exchange. This differential is not a product of the substantive tax law, under which both individuals are equally liable. It is a product of an information gap in how that law is administered. As demonstrate, the compliance gap between third-party-reported and self-reported income is a direct function of information availability rather than taxpayer intent.

The RTOS would reduce this asymmetry by providing residents with overseas income the same early-stage guidance that domestic income earners receive, in effect, through administrative data flows. It does not alter the substantive law or introduce new obligations; it addresses the gap in the administrative communication of existing ones. From a horizontal equity perspective, this represents a normalisation of the informational position of the two groups rather than a new burden on either.

Income type	Detection mechanism	Typical detection timing
UK rental income	Third-party data: letting platforms, land registry, local authority licensing	Often earlier in the reporting cycle through domestic third-party data
Overseas rental income (same UK resident)	Intelligence, third-party data, or CRS exchange; dependent on trigger. No automatic third-party reporting to HMRC	In some cases, only after several years, dependent on intelligence or data exchange

**Table 5: Asymmetric Compliance Timing by Income Source**

## 10. Comparative International Practice

A number of peer jurisdictions have developed mechanisms to orient new residents towards their overseas income obligations at or near the point of residency commencement. This comparative review uses three analytical dimensions: whether the mechanism is entry-stage or post-residency, whether it is declarative or enforcement-linked, and whether it operates through self-identification or administrative data linkage. These dimensions are relevant to assessing the design choices available to HMRC.

In Australia, the Australian Taxation Office (ATO) publishes dedicated guidance for individuals moving to Australia, which addresses worldwide income obligations and prompts consideration of foreign income sources at the point of residency commencement. The ATO's foreign income and residency guidance is integrated into the ATO's online account setup materials, and taxpayers are directed to these resources when they first register. This represents a guidance-led, entry-stage orientation approach, though it is not a mandatory disclosure instrument [18].

In Canada, the T1135 Foreign Income Verification Statement requires Canadian tax residents with specified foreign property exceeding CAD\$100,000 in cost to file an annual declaration. The requirement is triggered by residency and applies from the first tax year of residence. It is declarative in form: its purpose is awareness and record-creation rather than immediate enforcement [19]. The T1135 is more prescriptive than the RTOS proposed here, but its

declarative logic is similar.

In Ireland, Revenue operates an online registration system through which new residents are directed to guidance on foreign income obligations. Revenue's 'Moving to Ireland' guidance, available through Revenue's Online Service (ROS), includes explicit direction to the rules on worldwide income and the circumstances in which foreign income is reportable in Ireland [20]. The Irish approach appears to offer the closest guidance-led comparison to the RTOS in design intent, although the institutional details differ.

The United States imposes more extensive requirements, including the Report of Foreign Bank and Financial Accounts (FBAR) filing under the Bank Secrecy Act and Form 8938 filing under FATCA, both of which are triggered upon residency. These instruments carry civil and criminal penalties for non-compliance. The US model is considerably more complex than the RTOS and is noted for contrast rather than as a design template.

The United Kingdom currently relies on post-residency compliance guidance and later-stage administrative activity rather than an entry-stage orientation step. The RTOS draws on guidance-led elements found in Australia and Ireland, while the T1135 precedent confirms that some jurisdictions have required active declaration of foreign income from the first year of residence. The RTOS occupies a lighter-touch position in this spectrum, consistent with the UK system's preference for guidance-led compliance design.

Country	Mechanism	Stage and type	Source and notes
Australia	ATO foreign income and residency guidance integrated into myTax account setup	Entry-stage; guidance-led; self-identification	ATO (2024). Guidance-led approach; useful comparison for early-stage orientation
Canada	T1135 Foreign Income Verification Statement; annual filing for foreign property exceeding CAD\$100,000	Entry-stage; declarative; residency-triggered	Canada Revenue Agency (2024). More prescriptive than RTOS; declarative logic comparable
Ireland	Revenue Online Service 'Moving to Ireland': explicit direction to worldwide income rules at registration	Entry-stage; guidance-led; integrated at registration	Revenue (2023). Guidance-led comparison with the RTOS; institutional details differ
United States	FBAR (Bank Secrecy Act) and Form 8938 (FATCA); annual filing requirements	Entry-stage; enforcement-linked; penalty-led	IRS (2024). More complex and penalty-led; noted for contrast, not as a model

**Table 6: International Practice: Residency-Stage Overseas Income Orientation Mechanisms**

## 11. Implementation Pathway

The proposed implementation pathway is designed to minimise operational disruption, make use of existing digital infrastructure, and build an evidential base before wider deployment.

Phase 1 (Months 1-3): Pilot design. HMRC Policy Lab undertakes an internal scoping exercise covering both policy design and technical integration requirements for the Government Gateway platform. Stakeholder consultation is conducted with the Chartered Institute of Taxation (CIOT), the Low Incomes Tax Reform Group (LITRG), the Chartered Institute of Payroll Professionals (CIPP), and relevant migrant advisory bodies. A prototype RTOS questionnaire is developed within the Government Gateway test environment. The self-identification approach described in Section 7.1 is tested in user research alongside the administrative data linkage alternative.

Phase 2 (Months 4-12): Controlled pilot. The RTOS is deployed to a defined cohort of new Government Gateway account holders who self-identify as recently arrived in the UK. Participation is voluntary. The mechanism carries no enforcement linkage during the pilot phase. Phase 3 (Months 13-18): Evaluation. Outcomes are assessed against the metrics set out in Section 12. The evaluation design is a quasi-experimental pre-post comparison: the pilot cohort is compared with a matched group of new Government Gateway registrants from the preceding period. A fully randomised controlled design was considered but is not proposed at the pilot stage, given the difficulty of partitioning a universal-access digital platform into treatment and control groups without introducing

administrative complexity that would itself affect behaviour. The pre-post quasi-experimental design is more practicable and follows precedents in HMRC's own evaluation methodology [21].

Phase 4 (Month 19 onwards): Full deployment. A broader rollout could extend the mechanism across major HMRC digital entry points, subject to pilot findings and operational review. At this stage, the decision on whether to introduce an administrative data linkage mechanism to supplement self-identification is also taken based on pilot evidence.

*Note on legislative basis: the RTOS, as designed for pilot deployment, appears capable of operating within HMRC's existing administrative discretion under the Taxes Management Act 1970. No primary legislative amendment is likely to be required at pilot stage, though this is subject to legal review.*

## 12. Proposed Evaluation Framework

A structured evaluation framework is necessary both to establish the evidential basis for any decision on full deployment and to contribute to the broader literature on behavioural interventions in tax administration. The evaluation approach is informed by, whose field experiments with HMRC demonstrated that modest administrative changes in taxpayer communication could produce measurable shifts in compliance behaviour. It is also informed by, who argues that evaluations of behavioural compliance interventions should attend to attitudinal dimensions alongside observable behavioural indicators.

Type	Metric	Measurement approach
Primary	Rate of early Self-Assessment registration for overseas income	Percentage change in SA registration within 12 months of Government Gateway registration: pilot cohort compared with pre-period matched group
Primary	Voluntary disclosure rate for overseas income types	Year-on-year change in first-year overseas income declarations among new registrants
Primary	Volume of multi-year overseas income enquiries	Number of enquiries covering three or more tax years, pre- and post-RTOS deployment
Secondary	Average arrears per case at point of discovery	Mean outstanding liability per investigated case, pre- and post-RTOS
Secondary	First-tier Tribunal cases involving overseas income	Volume of relevant tribunal cases, pre- and post-RTOS deployment

Secondary	RTOS completion rate and user experience	Proportion completing the check; drop-off rate by question; completion time
Qualitative	Taxpayer awareness survey	Self-reported understanding of overseas income obligations at registration and at 12 months

**Table 7: Proposed Evaluation Metrics: Rtos Pilot**

These metrics support assessment of both direct compliance outcomes and wider system effects within a standard 12 to 18-month pilot window. The inclusion of the taxpayer awareness survey is important: a reduction in enquiry volumes in the short term may not be detectable if the detection lag is several years. The attitudinal measure provides an early indicator of whether the mechanism is producing the awareness change that underpins the long-term compliance effect.

### 13. Conclusion

This paper has argued that a portion of the UK's overseas income compliance gap may be attributable to a structural information asymmetry: some new tax residents encounter the worldwide income rule for the first time during a compliance enquiry, several years after the obligation first arose. Drawing on framework of tax system design, the paper characterises this as a failure of administrative design rather than a failure of taxpayer morality. The consequence is retrospective assessment, interest, and penalties that could, in a number of cases, have been avoided through earlier administrative communication.

The Residency Tax Orientation Statement addresses this asymmetry through a timed guidance intervention at the earliest available administrative touchpoint. It provides structured, income-type-specific guidance without creating new tax obligations, triggering enforcement action, or imposing material burdens on individuals without overseas income. The proposal is consistent with HMRC's preventative compliance approach, compatible with existing digital infrastructure, and grounded in an established behavioural compliance literature.

The paper has addressed several practical design questions: how new residents would be identified within the Government Gateway system, how the mechanism would be evaluated using a quasi-experimental design, what post-pilot decisions would need to be made about data use, and why overseas pension income warrants inclusion in the questionnaire. These are the design details that any serious pilot implementation would need to resolve.

The analysis suggests that preventative compliance measures, aimed at addressing misunderstanding before it develops into enforceable debt, may be implemented at relatively low cost within existing administrative arrangements. Whether that logic translates into measurable compliance gains is a question for the pilot evaluation framework proposed in Section 12. Future work should assess the RTOS against that framework and examine whether analogous early-guidance mechanisms might address other categories of late-disclosure risk in the UK tax system, including the commencement of self-employment and the acquisition of UK investment assets

by new residents [22-25].

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