

Statement prepared by the Cabinet Office. Deposited by Lord True.

Information relating to the Ventilator Challenge and the Statutory Residence Test

On 21 April in the House of Commons, the Prime Minister said he would share the details about the discussions that took place in the change in policy regarding the Statutory Residence Test (SRT) and interactions with Sir James Dyson.

At the height of the Covid-19 pandemic last year, there were genuine fears that the UK would quickly run out of ventilators, leaving the NHS unable to treat patients and putting many lives at risk.

The Government therefore took all necessary action to protect members of the public and secure access to the right medical equipment.

In March 2020, the Prime Minister called on the UK's leading manufacturing businesses and organisations to help the UK step up production of vital medical equipment, launching the Ventilator Challenge.

The Prime Minister made clear that responding to Coronavirus and reducing the spread required a national effort. He asked manufacturers to rise to this challenge by offering skills and expertise as well as manufacturing the components themselves.

The Prime Minister set the ambition for industry to manufacture as many new ventilators as possible.

On 15 March, a representative from Dyson was in touch with officials in the Prime Minister's Business Team to advise that Sir James Dyson would be writing to the Chancellor of the Exchequer on tax issues relating to the Ventilator Challenge. The Business Team passed this information to the Chancellor's Office.

On the same day, the Chief Executive of Weybourne Group Ltd wrote to the Chancellor of the Exchequer. The letter made proposals regarding the work Dyson was undertaking, including seeking clarification of the tax status of Dyson employees returning to the UK to support the Ventilator Challenge.

On 16 March, the Prime Minister and other Ministers hosted a Ventilator Challenge call with industry.

Sir James Dyson took part in a phone call with around 80 other manufacturing companies. During the call the Prime Minister provided more detail on how manufacturing firms across the country could support the drive to urgently manufacture ventilators.

In late March, following on from the letter to the Treasury, Sir James Dyson and the Prime Minister exchanged text messages about the clarification of tax positions for Dyson employees based internationally, should their work to support the Ventilator Challenge require them to be reassigned to work in UK. The exchange on this issue is in the public domain.

The Prime Minister informed his officials about this contact with Sir James Dyson.

Following receipt of the letter from Weybourne Group Ltd on 15 March, Treasury officials advised Ministers. One of the specific concerns raised in the letter was that the operation of the Statutory Residence Test – which determines whether an individual is resident in the UK for tax purposes – could have deterred individuals in critically important sectors from coming to the UK to support the coronavirus response and undermine the Ventilator Challenge.

The Government announced on 9 April, via a letter to the Chair of the Treasury Select Committee, and a Written Ministerial Statement on 29 April, that there would be a temporary change to the Statutory Residence Test, to allow highly skilled individuals to work in the UK on covid-19 related activity between 1 March 2020 and 1 June 2020 without affecting their residence status for tax purposes. A response was issued to Weybourne Group on the same day.

The change would have applied to any individual coming to the UK to work on covid-19 related activity, in the following critical sectors: medical professions and healthcare; engineering and manufacturing; and research and development. The measure did not exempt UK earnings from UK tax.

The policy was presented for scrutiny by Parliament in the normal way, with an accompanying Tax Information and Impact Note, and was legislated for in Finance Act 2020. No objections were raised during debates in the House of Commons, and the legislation passed without requiring a vote. The changes only applied for the period of 1 March to 1 June 2020. From June onwards, the rules reverted to normal.

A copy of this statement will be placed in the Libraries of both Houses of Parliament.