

Will income tax changes for the very rich raise any mon...

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That's what the Institute for Fiscal Studies [asked in a press release](#) issued today. They said:

The Government's plans to raise income tax rates for people on incomes above £150,000 are very unlikely to raise the revenue that it has predicted, and indeed more likely to reduce revenue overall than increase it, without additional steps to tackle tax avoidance or to discourage people from reducing their taxable income by other means, according to a study by IFS researchers.

All that follows from the IFS is technical analysis of their number crunching — which means as ever they're focusing on their Excel spreadsheets and not on the big issues.

And yet they mention the big issue — whether advertently or not — in the quote I reproduce. They have recognised the reality that progressive taxation is possible — but only with significant anti-avoidance measures attached.

The easiest of these by far to introduce is that which I first proposed in the TUC's [The Missing Billions](#) in which I suggested:

the introduction of a minimum rate of tax to be paid on the income of those earning more than £100,000 a year to ensure that they do not unduly benefit from tax reliefs and allowances that society cannot afford to provide to them;

Put simply, this would set a minimum rate of tax a person with that level of gross income should pay on that gross income. The rate may be higher of course, but whatever allowances and reliefs they claim their tax rate could not fall below the minimum rate set.

This is incredibly simple. It would work. It meets absolutely all of Adam Smith's tests for a fair tax system. It is just.

It would not initially tackle some problems, such as income shifting, the use of corporate entities, offshore or capital gains being taxed at lower rates, but all are

easily overcome by ‘looking through’ corporate income in private companies and offshore structures of all sorts and by treating gains as income. Then we would have a real chance of a progressive tax system.

Pity the IFS show no such imagination.

Or is it that they, like the [accountancy profession](#), wish to turn a blind eye to the possibility? All the evidence of their behaviour suggests that is the likely explanation.