

Osborne: seeking an end to the taxation of capital

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Martin Wolf's [column on the budget](#) has much to say that is wise. Not least that he fears things will be much worse than George Osborne thinks. That is almost certainly true, given what George Osborne is doing. But I want to concentrate on another issue Martin Wolf addresses, which is this:

Now let us turn to the “plan for growth”. This has four elements [the first of which is to] to create the most competitive tax system in the group of 20 leading countries.

Should one accept these aims? Are the means chosen sensible?

On the first of these questions, the answer is: predominantly, yes. The biggest concern is over the unbridled tax competition. It may well make sense for each country to enter into a bidding war for mobile capital. But the aggregate impact of such competition could prove highly adverse. At worst, incomes from capital might emerge untaxed.

Curiously Wolf offers no upside, only the down side.

What he ignores is that the downside is the intention of those proposing this policy. Osborne, I have no doubt, wants to abolish the taxation of capital. His actions speak for themselves.