

## 45p tax - on its way - but the numbers don't stack

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I [suspect that this is well sourced](#). Its by Patrick Wintour in the Guardian:

*An initial cut in the top rate of income tax for those earning £150,000 to 45p in 2013 would mean a loss of less than £400m in revenue, some government sources suggested, although these findings are open to challenge. But planned changes to stamp duty alone should raise £500m and other measures such as a new general tax avoidance rule would raise far more revenue, the government sources claimed.*

So we have a 45p tax rate - [about which I argued the other day](#):

*This will signal three things.*

*The first is that the case for the tax rate raising money has been conceded.*

*The second is that the political significance of the rate in delivering tax justice will have been conceded.*

*And third it will say despite such obvious evidence that these first two present that the Tories will serve their own come what may. In that case the compromise may be the worst possible outcome of all for the Tories: they will have conceded that what they are doing is irrational and purely self serving but will have done it none the less.*

But also note the argument is that the loss of revenue will be just £400 million - implying the rate as a whole raises £800 million at 50p (yes, you can do the linear extrapolation here, I suggest: it's either avoided or not). But that then begs how that can be true when HMRC's [own data suggests](#) the take should be £6.7 billion. There will be some answering to do. And I've already dismissed the [supposed Laffer effect as a spurious](#). So this number looks horribly fabricated.

And now let's look at the other claims. Stamp duty on properties worth more than £1 million should raise £500 million they say. Hang on, the tax rate here is 5%. Half a percent is paid on company deals. So 4.5% is saved. To generate that much requires £11.1 billion of properties to be taxed at the additional 4.5%. But according to Channel

4 there are only 94,000 properties currently owned by companies and only a little over 6,000 property sales for more than £1 million a year. The requires all of them to have been in companies for that to pay. Candidly, I don't believe that.

But even if true the shortfall against the 50p tax yield would be £6.2 billion.

And [as I've noted](#), since we aren't going to get a general anti-avoidance rule that's not going to raise much more than 50p.

In other words, the numbers in the briefings just don't stack.