

Is 50/50 fair? The truth about the 50p tax rate

Published: January 12, 2026, 9:37 pm

My new report for the TUC is entitled 'Is 50/50 fair?'. It does, of course, discuss the 50p tax rate.

[The report can be read here.](#) The key conclusions are easily stated though. The first is that using HM Revenue & Customs' own data the 50p tax rate has potential to raise a sum well in excess of the £3 billion last officially forecast, and a figure at least as high as £6 billion could be generated. That estimate, it is stressed is for 2011/12, not 2010/11, when HMRC clearly expected some transitional avoidance. But as I show, it's hard to see how the tax could not raise such sums.

Second, I argue that the scope for revenues to fall as a result of the use of this rate is far smaller than claimed by many, especially since almost 60% of those paying this tax rate are employees for whom avoidance opportunities are, to be candid, often quite limited, whilst the number of people leaving the UK to escape this tax will be modest based on a reasoned analysis of the data of who will pay it, even if there can be no doubt that some will blame it for their reason to relocate when it is likely a wide range of other factors will also actually be involved in that decision.

Finally, I argue that whilst there are still routes open to those who seek to avoid paying tax at the 50p rate which do have potential to undermine the revenues that it could raise this loss of income to the Exchequer is not inevitable. These routes could be easily closed if the political will existed to introduce both a comprehensive general anti-avoidance principle in UK tax law and to tackle the issue of personal service companies to ensure that the profits of these companies were assessed on their owners at the time they arise and not at the time that they are paid out to them, as now.

To put it another way: the 50p tax rate is highly likely to be both fair and contribute significantly to UK tax revenue whilst encouraging long overdue steps to stop abuse in our tax system. for all those reasons it has to be welcome.