

## Removing higher rate tax reliefs for those earning over...

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[As the Guardian notes in its budget speculation this morning:](#)

**Soaking the rich?** Osborne's expected to announce a new tax raid on the wealthy, perhaps by limiting how much they can claim in tax reliefs: recent research for the TUC suggested that people who pay the 50p rate - ie those who earn over £150,000 - are able to claim on average £15,000 a year in tax relief, on their pensions, charitable contributions and so on.

This may be badged as a "tycoon tax", though some LibDems have already questioned whether it will be strong enough to merit the term.

Well, I didn't know that I was writing the tycoon tax when [preparing that analysis for the TUC](#).

**And let's be clear: that's not a tycoon tax. A tycoon tax would have to ensure that the total tax of a person was taxed at a minimum rate. This does not. It simply increases, a bit, the effective tax rate on the part of their income that they declare in their own names. That ignores:**

- 1) The income the wealthy divert to others
- 2) The income the wealthy have in personal service companies
- 3) What the wealthy hide offshore - [now legally permissible thanks to this government in Switzerland](#)
- 4) What they convert into gains
- 5) The part that's hidden in trusts

**And so on.**

**In which case this is a very, very long way from being a minimum tax rate, a tycoon tax or anything like such a thing.**

**That's not to say I don't argue for restricting such allowances and reliefs: at the very least I see no reason at all why tax relief should be given at higher rates and believe that this state subsidy to the savings and giving of the rich should be removed. But let's not sell it as something it's not, please.**