

Funding the Future

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<https://www.taxresearch.org.uk/Blog/2012/03/01/that-50-tax-rate/>

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I've [looked at the letter in the Telegraph](#) demanding abolition of the 50p tax rate for those earning more than £150,000 a year because that will, the 537 who signed it say, increase entrepreneurialism in the UK and so jobs.

I've scanned down the list. I've looked at their company names. Over 90% are from limited companies.

Most limited companies pay tax at 20% in the UK. The effective tax rate of those who supposedly pay the large company rate is little above 20%.

The UK has its entrepreneurial tax break: it's the justification given for providing such low rates of tax to these companies. So all these people have all the tax breaks they need to preserve and reinvest their profits in their businesses. The 50p tax rate has nothing whatsoever to do with that issue therefore. And there is a second tax break for entrepreneurs - millions of capital gains allowed to them at a tax rate of just 10% when they sell their enterprises. The tax system could not be more generous to job creation.

In that case this letter is all about something else: let's call it greed. [As I've argued here](#).