

Why a tycoon tax won't work

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Nick Clegg's latest grasp at political opportunism is to demand a minimum rate tax in the UK - what he calls a 'tycoon tax'.

It won't work. Here's why:

- 1) You have to align capital gains tax and income tax rates. He hasn't said he'll do that.
- 2) You have to get rid of discriminatory domicile rules. Tories won't buy that.
- 3) You have to stop people shifting significant amounts of income to their partners. They will already do that to exploit increased personal allowance you want Nick, giving benefit to best off. How are you going to stop that Nick?
- 4) You have to make people taxable on their personal service companies. Are you proposing that Nick? I wish you would.
- 5) You have to make sure that offshore is open to view - or people will hide their income there. But this government - and Clegg's a member - is planning to preserve offshore banking secrecy for good through its deal with Switzerland. Fail again Nick.
- 6) You have to stop people diverting their income into trusts for family members, and treat those trusts as the settlors. Are you going to do that Nick?
- 7) You've got to have a real general anti-avoidance principle - but Lib Dems aren't promising that.

I want these things Nick - because they'll deliver progressive taxation. But your suggestion of a minimum tax without them is an empty political gesture. Even more so when you're suggesting a rate of 25% or so.

Come on - get real man! Let's talk about what really needs to be done - not just saving your skin. GThen, maybe, people will take you seriously again but right now this is just another off the cuff reaction with absolutely no substance to it that will actually make

the rich richer in all likelihood with them saying, none the less, they're fully compliant with the law. In that sense this is just a Clegg fig leaf - and that really worries me.