

Let's tax wealth

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Nick Clegg wants to tax wealth. So do I. There's no other way to reduce wealth inequality in this country, and that wealth inequality is deeply destructive of community in the UK. That it so happens revenue can be raised at the same time is a bonus.

Clegg is wrong however if he thinks that a mansion tax (as Matthew Oakeshott is suggesting he's demanding) is going to address this issue. There is no doubt that Council Tax needs to be reformed, but a mansion tax would need a revaluation of vast numbers of properties simply to result in a tiny number paying a small additional contribution. That's not efficient by any measure thought of.

If Clegg is serious he has to do three things. First, if we seriously tackled tax havens vastly more wealth would be found and be subject to income tax. This would create real tax justice.

Second, we could, of course, have a 50% tax rate, which the Lib Dems have just got rid of.

Third, we could stop income being sheltered in limited companies by taxing the profits of private companies as the personal income of their owners.

Fourth we could eliminate the abuse that having a capital gains tax rate less than the income tax rate permits.

Fifth, inheritance tax could be made to work. There are numerous ways to do this: cutting allowances would be a start.

Sixth, ending large numbers of tax reliefs that are solely designed to create loopholes for the wealthy would be of great value. So let's get rid of venture capital trusts, EIS, higher rate charity reliefs and so much more.

Now that's an agenda to ensure wealth and the income it gives rise to is taxed. Clegg has a long way to go.

