

The last thing the UK needs right now is a new sales ta...

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The [FT has a comment article this morning](#) from someone called Prof Nick Bosanquet. This [retired professor of health economics](#) who seems to have [close links to right wing think tanks](#) has made the most bizarre claim that what the UK needs right now is a sales tax to help its young people because that, he says, would redistribute resources to them. His logic seems to be:

For the iPod generation, tax reform is crucial. The UK's independent [Office for Budgetary Responsibility](#) forecasts that, for the four years to 2016-17, revenue from income tax and NI will rise 23 per cent — much more than from sales, corporation and tobacco taxes. This is intensifying pressure on taxes on income, which weigh heavily on younger people.

This is an extraordinary claim. Very clearly income tax does not fall most heavily on young people. Income tax, as we know, is by far the most progressive tax in the UK with [25% of all income tax being paid by the top 1% of tax payers](#). Maybe the Professor mixes with some rather odd young people, but I would have thought he's have realised that by and large in the UK (and there are exceptions, I know) income rises with age. The most cursory observation suggests therefore that income tax liabilities fall most heavily on those who are older, not those who are younger, are at the outset of their careers and whose pay is relatively low as a result - and who he says are the focus of his concern.

But having given us a first staggering example of a wild claim without any foundation in fact he goes on to make another:

*The UK needs a more broad-based sales tax, covering even groceries — a frontier of public indignation. This is needed if wealthier pensioners and the buoyant over-50s are to pay their fair share, balancing their privileged access to benefits. In his book, *The Pinch*, UK universities and science minister David Willetts rightly stressed the importance of the intergenerational bargain — but this has deteriorated in the past two years. Only tax reform can redress the balance and halt the economic decline of a generation.*

Again, this is a bizarre claim: the over 50's have the highest savings ratios on the UK - for the obvious reason that they are putting money aside for pensions. They also have the greatest wealth - precisely because they do not spend all they earn. As a result a sales tax has least impact on them.

On the other hand the young often spend more than their income - they borrow. As such a sales tax would have a massive impact on their ability to spend. The result is obvious - sales taxes are regressive favour older people and the wealthiest and so increase inequality and the inter-generational wealth divide.

But the right wing claim they are the solution to our problems. candidly, that is very seriously incorrect.

What is true is that we need tax reform - but what we need to tax is wealth in the form of land value, inheritance taxes and capital gains. But a sales tax is the last thing we need.

Prof Bosanquet should stick to health, I think.