

If you want to rename national insurance and make it an...

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According [to The Telegraph](#), a Taxpayers' Alliance campaign to have national insurance renamed Earnings Tax is likely to be successful.

A number of, inevitable thoughts follow on. The first is that this is, despite all the claims, not a tax. There is still a contributory principle in national insurance, for example, in pension rights. Given how keen the government is on that idea I wonder how this renaming helps them.

Second, if this is to be called an Earnings Tax the obvious question to ask us why then only earnings are taxed. Why should unearned income such as rents, dividends and interest not be taxed?

And third, the question as to why such large scale avoidance of the tax is permitted in the case of small limited companies.

I happen to believe in national insurance. But if others don't think that's their right. But given that we cannot do without the £100 billion or more it raises a year (whatever the TPA thinks, or claims, or is deluded about) then renaming the tax requires that fundamental questions on its equity must be answered.

And there is an answer, which is to apply it to all investment income in excess of the annual NIC lower earnings limit each year except, as is the case for earnings, for pensioners. Many of the abuses and inequities would then disappear.

But I somehow don't think that is what those supporting this move have in mind.