

Time to get rid of National Insurance and replace it wi...

Published: January 13, 2026, 10:20 am

The [Telegraph is getting excited this afternoon](#), publishing this:

Now Jeremy Corbyn economic adviser wants to raise £100billion by taxing the spending from your bank account

Exclusive Richard Murphy, who is credited as the creator of 'Corbynomials', said the Chancellor George Osborne should start to tax people's money as they spend it from their bank accounts

They have noticed my plan for the abolition of national insurance in [The Joy of Tax](#) and its replacement with a progressive consumption tax based on the level of spending people make.

Why abolish NIC? Because it is regressive. Because it can discourage job creation. Because it was designed for a world where people were employed in one job, often for life. Because it is too easily avoided. Because the contributory concept has long gone. Because it no longer works as a result.

But it does collect around £115 billion a year.

So my alternative is a progressive consumption tax on spending and deposits (but not savings and transfers) from personal and business bank accounts. Both pay NIC, after all.

For those on median pay very little tax would be due. The same would be true of small businesses. But as personal spending grows or as the size of business does so would the tax charge. I readily admit: this is an idea that I have not modelled as yet. The precise rate is not clear: they would be low.

So why do it? Because it is green: it will discourage excessive consumption. Because it is progressive. Because it will not discourage jobs. Because it will work and will be fairly hard to avoid (banks assisting those to shift accounts out of the UK would be liable for estimated taxes owing). Because it is

appropriate for a world where people have many jobs.

And what does the Telegraph say? Curiously, not a lot, but the pictures imply they think this is some form of imposition. They'll have to do better than that.

It's time for a real debate.

The Joy of Tax is the ability tax has to shape the society we want.

Do we want a fair or unfair society?

One where there is something to leave our children, or not?

One where avoidance is rife, or not?

One where we encourage work, or not?

I know what I would prefer.

That's why I am proposing change.