

Funding the Future

Article URL

Published: January 12, 2026, 4:59 pm

There has been a marked absence of willing to tax wealth in the UK. I have always felt this a serious error of judgement and [discussion on the late Duke of Westminster's tax avoidance](#) just highlights that.

I wrote a paper on this a while ago that did not see the light of day at the time but which [I share now](#). The summary says:

This brief report looks at the financial wealth of the UK, its distribution and its taxation and suggests reforms to:

- * Create a fairer tax system;
- * Reduce inequality;
- * Release funds for use to benefit those who have lost out under Conservative and Coalition governments;
- * Boost investment;
- * Encourage greater tax compliance.

It does this by:

** Suggesting an investment income surcharge be included in the income tax system that would increase the tax rate on the savings and investment income of higher rate taxpayers by 15%. This might raise £6.5 billion of new revenues per annum;*

** Reforming capital gains tax to:*

** Halve the annual allowance*

** Have the tax paid at income tax rates*

** Abolish entrepreneur's relief*

** Improve tax compliance*

These reforms might raise £9 billion a year;

** Restrict some inheritance tax reliefs in advance of more thorough-going reform to raise £0.5 billion a year;*

** Review the long term possibility of a wealth tax.*

These changes raise a total of £16 billion a year.

The report also looks at the interaction of tax reliefs and pension contributions given that 40% of UK wealth is in private pension funds. It suggests:

** Restricting all higher rate pensions contribution reliefs, raising maybe £8 billion of tax*

a year;

** Requiring that 20% of all pension contributions be invested in employment creating opportunities in exchange for the tax reliefs available to pension funds. This might direct £20 billion towards new employment creating opportunities a year.*
In total then this report suggests the source of £24 billion of tax revenues and £20 billion of investment funds a year as a result of a review of the relationship between wealth and taxation in the UK.

And I would stress that was before looking at major inheritance tax reforms whilst suggested land taxation reforms were not counted in totals a the benefits would go to local authorities.

I stress, it was just a working document that I have dragged out as it seems relevant today. But I hope it suggests that there are ways to create a more equitable tax system.