

Would a citizen's income reduce tax abuse?

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I spent yesterday afternoon at the Institute of Chartered Accountants in England and Wales discussing [Citizen's Income](#). This is not the time to note the details of the discussion. The concept can be summarised as a right to be paid an income as of right subject to the following conditions:

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'Unconditional': A Citizen's Income would vary with age, but there would be no other conditions: so everyone of the same age would receive the same Citizen's Income, whatever their gender, employment status, family structure, contribution to society, housing costs, or anything else.

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'Automatic': Someone's Citizen's Income would be paid weekly or monthly, automatically.

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'Nonwithdrawable': Citizen's Incomes would not be means-tested. If someone's earnings or wealth increased, then their Citizen's Income would not change.

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'Individual': Citizen's Incomes would be paid on an individual basis, and not on the basis of a couple or household.

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'As a right of citizenship': Everybody legally resident in the UK would receive a Citizen's Income, subject to a minimum period of legal residency in the UK, and continuing residency for most of the year.

This would, then, replace almost all benefits and the state pension. It's a concept I have

argued for in The Joy of Tax because it resolves very large numbers of problems with our existing benefits systems, including poor take up (vastly more benefits are unclaimed than are subject to fraudulent claim), the poverty trap when people transition to work and many issues relating to child poverty.

An issue raised is affordability. I am convinced it is affordable; it just requires a change of mindset. An issue I raised yesterday was that most modelling is static: behavioural changes are hard to predict. Some say many would choose not to work: they would rather sit at home. Candidly, I greatly doubt that because most people seem to have a strong social desire to work. Others say it may force changes in the labour market by creating demands for better jobs tat employers could not meet. Actually, I think that would solve many of the UK's productivity issues.

But the one behavioural response rarely considered is on tax compliance. If a universal basic income of significant amount was payable the incentive to be in the tax system would be high. The wholly unknown taxpayer would be much smaller in number. Yields are likely to grow as a result. I believe that this factor alone may considerably help the process of paying for a citizen's income. It's an idea needing more investigation by those who really work in this area, I suggest.