

Funding the Future

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It would seem that Michael Gove and Boris Johnson are lending their names to attacks on HM Revenue & Customs being orchestrated by papers such as the [Telegraph](#) and [Daily Mail](#). The background, according to the Telegraph, is that:

Donors who bankrolled the successful Brexit campaign have accused HM Revenue and Customs of a "political attack" after they were hit with six or seven-figure tax demands on their contributions, The Telegraph can disclose.

Among those targeted are Lord Edmiston, the Midlands entrepreneur, who donated £1million to Brexit campaigns; Peter Cruddas, the City mogul; and Arron Banks, who made millions from his insurance businesses. Letters which could lead to them paying out up to £2m have been issued to them by HMRC in the past fortnight.

The Telegraph then claims that:

Donations made to political parties, charities and other bodies are usually deemed exempt from the rules, but HMRC has ruled that payments from individuals to referendum campaigns are taxable.

This is blatant misinformation by the Telegraph. The reality is that inheritance tax is not a tax on inheritance at all: it is a tax on gifts. Any gift is chargeable to inheritance tax straightaway unless it meets certain conditions.

The first is that it is exempt. Charities are exempt and so are political parties that have at least one MP and 150,000 general election votes. Other exempt gifts are those made out of income e.g. for birthdays, weddings and so on, up to set limits.

Then there are potentially exempt gifts. These are gifts made to individuals and some trusts (subject to very specific rules) made within the seven years before death. They only become subject to the tax if you die within that seven year period.

And then there are all other gifts, and these are subject to tax when made at the rate of 20%, which is what the gifts to the Brexit campaign were. They were not to a political company or charity. They were to organisations set up for other purposes.

In fairness such inheritance tax charges are rare. That's because very few people choose to give money to companies and non-charitable organisations. But if you do, then tax is payable.

This is not something HMRC can rule on. This is what the law says. So if the donors in question did not know they would owe tax that's their problem: they are wealthy enough to have asked, but obviously chose not to do so. And the Telegraph is utterly wrong to suggest HMRC are acting politically here: they are not.

And this is no threat to democracy: rather, this is the law at work just as a democratically elected parliament intended. That's how democracy is.

In which case this is not anyone seeking retribution.

Nor is it the establishment ganging up on Brexit.

All we have are three wealthy people who got their tax planning wrong who now want to use their influence in the media to overturn the tax that they rightly owe.

As an example of their vision for post-Brexit Britain that's pretty worrying.

And Gove and Johnson need to make very clear they have nothing to do with this. A society that waives tax charges for the wealthy is one no one should want to live in, and they should make very clear where they stand on that.

In a post-Brexit Britain I would hope the rule of law will apply. The actions of the Brexit newspapers who are claiming an injustice here is deeply worrying. It shows that they think otherwise. And their vision is not one that I think most would want to share.

Gove and Johnson need to smell the coffee and get their own messaging out quickly or they are going to be seriously tainted by this.