

Tax reform of the day: abolish Entrepreneur's Relief

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To add [another tax reform to my series](#) on how to reform the tax system to reduce inequality in the UK, this one is yet another obvious candidate.

Abolish capital gains tax Entrepreneur's Relief

Capital gains tax Entrepreneurs Relief does, in essence, [reduce the rate of gains tax by those who sell privately owned businesses](#). In most situations they pay 10% on their gains rather than 20%. The tax rate is halved.

In the last year [for which data is available](#) the relief cost as much as the tax paid on these disposals, or £2.36 billion. Of this £1.73 billion went to just 4,000 people, at a tax savings of more than £430,000 each, on average.

That is wholly unjust. It is a simple boost to those already wealthy. Remember, these people had by definition just picked up gains of in excess of £4 million each. And as I [have argued before](#), the relief makes no sense. It does not encourage entrepreneurial activity at all. It encourages short-termism and selling out rather than developing entrepreneurial activity, both of which are the opposite of what the UK needs.

Nothing about this relief makes any sense at all. It has to go.