

Labour and a financial transaction tax: bring it on

Published: January 12, 2026, 8:58 pm

As [Larry Elliott has noted in the Guardian](#), Labour appears to be committing itself to a financial transaction tax for use on the financial services sector, if it is elected.

I unreservedly welcome this. Such a tax has long been the goal of tax justice campaigners. It helps address the issue, long noted on all objective sides, that the financial services sector as a whole is undertaxed, not least because it enjoys VAT exemption. But as important, it stops the churn that no doubt still happens far too often at cost to investors who suffer promises from fund managers that their trading track record cannot justify.

The tax is small. The impact cannot be known as the behavioural response will be hard to assess, and attempts to avoid it cannot be entirely predicted. But Larry is right to say:

The shadow chancellor mentioned last week some of the things that Labour could do with the £35bn that an FTT could raise in the course of a five-year parliament: putting it towards retrofitting homes, so that they are carbon neutral, or on a major expansion of wind and solar power. The public will like that. Outside of the City, there won't be a lot of hissing.

I agree.