

Tax After Coronavirus (TACs) : The UK could tax wealth ...

Published: January 13, 2026, 3:04 am

I have [already posted the introductory research on tax and wealth](#) for the Tax After Coronavirus (TACs) project on this blog this afternoon. One person I tested that research with was Larry Elliott at the Guardian. [He has now featured it in an article](#), saying:

The government has the potential to raise up to £174bn a year to help cope with the [Covid-19](#) crisis if it taxed wealth at the same rate as income, a UK tax expert has said.

[Richard Murphy](#), a professor in political economy at City University in London, said income was being taxed at almost 10 times the rate of wealth — and that the disparity should be central to any debate about who should pay for the pandemic.

He notes me saying

What the data shows is that if we treat all sources of financial gain to a household, whether from income or from increases in the value of assets, as being of equal value then we have a very regressive tax system in the UK. That means that those on the lowest levels of income pay by far the highest tax rates, whilst those with the highest income pay at the lowest rates.

He adds:

The amount of revenue the government would be able to raise from taxing wealth more heavily would depend on how much behaviour changed as a result of the higher levies. Murphy said his study was meant to highlight the flaws in the UK tax system rather than whether it was desirable or even technically feasible to raise £174bn in full.

“This has massive implications for the forthcoming debate on who, if anyone, should pay for the coronavirus crisis. What is clear is that the only fair answer will be that those on the highest incomes, and those with wealth, are the only people who could afford to pick up that bill. If anything, everyone else needs a tax cut just to help them survive. Any politician with any concern for tax justice will have to understand this.”

Murphy said he was not campaigning for a wealth tax as such, but suggested there were a number of ways the government could pick “low-hanging fruit”, including:

- * Introducing a capital gains tax charge on former main residences passed on after death, with the exception of cohabiting spouses and civil partners and recognised long-term related carers.*
- * Equalising the tax rates on income and capital gains.*
- * Significantly reducing the annual capital gains tax allowance.*
- * Abolishing higher-rate tax reliefs for pension contributions.*

Murphy said even if it were decided that the government and borrowing could pay for the whole coronavirus crisis the issue of the different taxation of income and wealth would not go away.

“What this data shows is that inequality in the UK is being massively fuelled by our tax system, at cost to us all. That has to be wrong. Radical reform of our taxes has to be on the agenda, now.”

My hope is that this helps fuel debate. That's what the Tax After Coronavirus (TACs) project is all about.