

The Office for Tax Simplification has taken welcome ste...

Published: January 14, 2026, 10:00 pm

During the peak of the first coronavirus lockdown [I wrote a great deal about tax reforms required after coronavirus](#). Much of that series focussed on reforms to wealth taxation, of which capital gains tax (CGT) is considered a part.

I wanted a number of things with regard to CGT. First, an alignment in rates between income tax and capital gains tax. Thus would reduce distortions in the tax system that are unjust and unjustifiable.

Second, a substantial reduction in the annual allowance for capital gains tax, which was again unjustifiable.

Third, allowances needed restriction - which I have been arguing for many years. Many are straightforward gifts to the already wealthy.

Fourth, the issue of capital gains being wiped out in deaths - which I addressed in *The Joy of Tax* - needed to be addressed, ideally with regard to domestic property as well as other assets.

Fifth, automatic information of gains data to HMRC has long been a demand of mine, to limit evasion.

The net effect would be to tax capital gains as if an extension of income tax.

I am pleased to note that the [Office for Tax Simplification has adopted most of these ideas](#) in its new report on capital gains tax. Specifically, they have endorsed items 1, 2, 3 and 5 and have made some suggestions on 4. This was much more than I expected and justified the work several tax justice campaign groups put into this issue. I submitted comment to the review.

There will always be the naysayers though. The FT, [in an editorial](#), says this morning that these changes will not substantially increase revenue as a consequence of changes in behaviour. They, therefore, question why they are worth doing. I would quietly suggest to the FT that they really should learn that a primary purpose of tax is to

change behaviour, and another is to reduce inequality. When they understand that they will appreciate why these changes are important. Revenue is a long way from being everything in tax.

There will also be other, more reasonable doubters. They will wonder whether these changes will actually happen, and certainly whether they will happen as a package, which is clearly what they are intended to be. I share that doubt. But as ever, I can live in hope.

Overall, this is good work by Bill Dodwell and the Office for Tax Simplification and it is fair to say so. But I would add, much more needs to be done before wealth is taxed fairly. Keep going, is the message.