

We need to tax wealth more - but in the right way

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Wealth taxes are often said to be the source of the additional revenues this country needs to solve its financial problems. There are two problems with this claim.

The first is that government spending is not funded by taxation. It is funded by the Bank of England. I explain why in my ebook 'Money for nothing and my Tweets for free', available [online free here](#) or as a [hard copy, here](#). This does not mean a wealth tax is not important because it is, but it has to be understood why it is.

As importantly, a wealth tax is no panacea. Not only will they take years to introduce, but the revenue that they might collect is also hard to predict. This, though, does not mean wealth need not be taxed. There are many simpler and more effective ways to tax wealth more in the short term than by creating a wealth tax. I have provided the links to many blogs on this issue [on this wiki page](#). The more important are here:

- * [There is significant room for wealth taxation in the UK](#)
- * [The UK could tax wealth more](#)
- * [The relationship between income, wealth and tax](#)
- * [The TACS approach to wealth taxation](#)
- * [Reforming taxes on wealth by equalising capital gains and income tax rates](#)
- * [The need for an investment income surcharge](#)
- * [Capping total ISA contributions](#)
- * [Abolishing the personal savings tax allowance](#)
- * [Restricting pension tax relief](#)
- * [Abolishing higher rate tax relief on gifts to charity](#)
- * [Reforming council tax](#)
- * [Capital gains increase income inequality in the UK: the time to align income tax and capital gains tax rates has arrived](#)

We can tax wealth more, and I think we should. But let's go for the low-hanging fruit first.