

# Pointing out the massive under-taxation of wealth in th...

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*I published this thread on Twitter this morning:*

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When I started publishing the Taxing Wealth Report 2024 I put out a note suggesting that the increase in wealth is undertaxed by £170 billion a year in the UK. In response tax lawyer Dan Neidle has said this is nonsense. It's a pity he did not read what I said before commenting. A thread...

This is the tweet Dan Neidle published:

<https://twitter.com/DanNeidle/status/1700405941055762813>

The link to my report is here.

<https://www.taxresearch.org.uk/Blog/2023/09/06/wealth-is-undertaxed-by-170-billion-a-year-in-the-uk/>

Now, let's first of all talk about Dan Neidle before then discussing why he's wrong.

Dan is a lawyer. I hate to say it, but they're not known to be good at numbers.

Nor do many of them have much grasp of economics.

And they're also rather famously scathing of anyone but lawyers.

I am afraid that Dan seems to be in those modes in his thread. Which is a shame, because of late he has done some good work on legal tax justice related issues – which is a fact I am happy to acknowledge.

That said though, Dan was for many years a senior tax lawyer at one of the largest law firms in the UK. The sort of firm that only the largest companies and the very wealthy can use. That indicates a bias on his part: he chose to serve their interests. It's fair to

note his biases.

And now he says that a simple bit of numerical evidence that I have produced that shows that the increase in wealth in the UK between 2011 and 2020 was taxed at massively lower rates than was income in the same period is nonsense.

Except, of course, it is not. I simply pointed out that income as represented by GDP was taxed at 32.9 per cent and the increase in wealth (which was almost exactly one-third of GDP) was taxed at 4.1% over this period.

And then, in a statistical move that was hardly surprising, I suggested that the vast majority of this largely untaxed increase in wealth was owned by a relatively few wealthy people in the UK. I attached a number to this advantage to simply indicate the scale of their gain.

Was there anything wrong in doing so? I suggest not.

Were my numbers wrong? Unless the ONS and HMRC publish false data, I suggest not.

And was the indicative extrapolation of £170 billion I made to indicate the scale of the difference in the taxation of income and wealth fair? Again, I suggest it was.

With the greatest possible respect to Dan he has to do better than say something is nonsense to make his case.

I presume that he thinks that he made that case by suggesting that in the recent history of tax governments have not made more than 4% of their revenues from wealth and property.

He then very obviously thinks that this proves that I am talking nonsense because I said there was under-taxation wealth of £170 billion. Dan really should have read what I wrote a little more carefully.

If he had, he would have noted three things.

The first was that I did not propose a wealth tax. He seems to think that I did when I actually specifically excluded it from consideration.

Second, I suggested that taxing the value of pension funds and domestic property would be hard, as he does.

And third, I said that instead we should look at how income from wealth could be better taxed and that we should look at how the allowances and reliefs that have allowed the enormous tax-driven disparity in wealth in the UK to arise might be changed.

Dan ignored all this. Instead, he just said what I had written was nonsense. But it

wasn't. What it suggested - and this was the sole reason for producing the figure that I did - was that the changes in the tax system that I will propose will be fair.

Since Dan actually seems to think that such changes might be appropriate it seems mighty strange that he says that a number I say should never be taxed but which makes the case for the changes I will actually propose is nonsense.

I suggest that Dan reads rather more of the Taxing Wealth Report before he comments again. He might find he agrees with quite a lot of it. And if he does not, then he really has to do better than this when disagreeing with it.