

Abolishing the VAT exemption for services supplied by p...

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I have [this morning published](#) what might be one of the least surprising proposals to be made in the Taxing Wealth Report 2024. I suggest that abolishing the VAT exemption for services supplied by private schools might raise approximately £1.6 billion in tax a year.



The proposal is unsurprising because the Institute for Fiscal Studies has discussed it and suggested that this saving might arise, and the Labour Party accepts that this reform is necessary.

Brief Summary

This note proposes that:

- * The VAT exemption on the supply of education by private schools be abolished.**
- * This is necessary to improve the vertical equity of taxation when the current exemption for VAT charges on private school fees provides a benefit very largely enjoyed by the wealthiest in society.**
- * Removing this exemption might raise £1.6 billion in additional tax revenues per annum.**
- ***

This change would be administratively straightforward.

*** There are likely that there will be few behavioural consequences arising from this change.**

Discussion

The reform is unadventurous and obvious. Given the scale of the privilege within our society that private education appears to provide to those who take advantage of it, to provide it with an unnecessary subsidy when those partaking of it are already amongst the highest earners or wealthiest people in the country appears inappropriate. The abolition of this relief appears in that case to be an essential part of a programme intended to address inequality in UK society created by our tax system.

Cumulative value of recommendations made

The seven recommendations now made as part of the Taxing Wealth Report 2024 would, taking this latest proposal into account, raise total additional tax revenues of approximately £70.2 billion per annum.