

Funding the Future

Rishi Sunak's tax for 2022/23: a Taxing Wealth Report 2...

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As has been widely reported in the media, Rishi Sunak's tax return for 2022/23 was published yesterday.

The data as published by his accountants has the pink background in this table:

Rishi Sunak					
Personal tax					
2022/23					
		Income £	Tax £	Tax changes £	Note
Income	MP	84,119		(2,500)	1
	PM	55,358		(5,000)	2
				7,137	3
Savings	Interest	17,189		1,828	4
	Dividend	276,218		41,433	5
	Total income	<u>432,884</u>	163,364		
	Foreign tax paid		(14,296)		
	UK income tax paid		<u>149,068</u>		
	Capital Gains	<u>1,796,202</u>	359,240	449,051	6
				<u>269,430</u>	7
				761,378	
	Total income / tax	<u>2,229,086</u>	508,308	<u>1,269,686</u>	
	Total tax rate		<u>22.8%</u>	<u>57.0%</u>	
Notes:		1 Reduced tax rate on income 50,000 to 75,000 2 Restoration of personal allowance 3 Additional national insurance over £50,270 4 Investment income surcharge over £5,000 5 Investment income surcharge 6 Capital gains charged at 45% 7 Investment income surcharge			

As is apparent, Sunak's overall tax rate was just 22.8 per cent, mainly because he paid

exactly 20 per cent tax on his considerable capital gains.

I thought that reworking this data on the basis of the Taxing Wealth Report 2024 recommendations would be a worthwhile case study. The adjustments and resulting additional tax liabilities are shown on a blue background. The notes explaining the reason for the changes are at the bottom of the table.

As will be seen, the latest recommendations, suggesting reduced tax rates on income from £50,000 to £75,000 a year and restoring the personal allowance over £100,000, are made in this table.

The other changes reflect:

- * national insurance being charged on all earned income;
- * investment income surcharges at 15 per cent being charged on all but the first £5,000 of investment income, including capital gains;
- * capital gains being charged at his top income tax rate (45%).

Without knowing his pension contributions, no adjustment for reduced pension contribution allowances has been made.

The additional tax owing would be £761,378. This is a tax rate of 57%. This is unsurprising: this is, in effect, a 45% tax charge on almost all income from all sources plus an investment income surcharge to compensate for the lack of employers' and employees' national insurance otherwise being paid on investment income.

The resulting tax liability is fair. What Rishi Sunak paid in 2022/23 was not and was instead an insult to all people who worked for a living and paid much higher rates of tax than the prime minister.

I would suggest that the Taxing Wealth Report 2024 achieves its goals if it delivers this outcome.