

Funding the Future

The LibDems tax proposals needed a lot more thought. Go...

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The LibDems have been the first to release their manifesto for this election.

To support it, they [have published their 'full costing'](#), because woe betide any politician who now suggests that they might use a penny of the funds people want to save with the government for any social purpose.

The spending is:

CURRENT SPENDING

		£m 2028-29
1	End the crisis in the NHS and social care	8,350
2	Support unpaid carers	1,450
3	Invest in early years and childcare	2,960
4	Invest in schools	2,170
5	Invest in higher education and lifelong learning	1,500
6	Tackle child poverty and make the welfare system fairer	4,060
7	Support farmers, rural communities and the environment	970
8	Cut the cost of transport	570
9	International, defence and borders funding	6,700
10	Other	100
11	Additional funding for Scotland, Wales and Northern Ireland	2,890
Savings		
12	<i>Cut the asylum backlog and allow asylum seekers to work after three months</i>	-4,290
13	<i>Crack down on Conservative waste by halving consultancy spending</i>	-630
Total		26,800

I will leave others to comment on that. I like some of it. The absence of any green spending is very worrying.

The revenue is:

REVENUE

£m 2028-29		
14	Reverse Conservative cuts to bank taxes	4,250
15	Fairly reform Capital Gains Tax	5,210
16	A proper windfall tax on oil and gas super-profits	2,120
17	Raise the Digital Services Tax on tech giants	2,090
18	Introduce a 4% tax on share buybacks	1,420
19	Sewage tax on water company profits	260
20	Tobacco company profits levy	290
21	Super tax on private jet flights	380
22	Fairly reform aviation taxes	3,620
23	Tackle tax avoidance and evasion	7,230
Total		26,870

And this is their explanation:

- 14. Reverse Conservative cuts to bank taxes:** Reverse Conservative tax cuts for the big banks, restoring Bank Surcharge and Bank Levy revenues to 2016 levels in real terms.
- 15. Fairly reform Capital Gains Tax:** Close loopholes exploited by the super-wealthy by adjusting the rates and basing them solely on capital gains while increasing the tax-free allowance from £3,000 to £5,000, on top of a new tax-free allowance for inflation, and introducing a relief for small businesses.
- 16. A proper windfall tax on oil & gas super-profits:** Scrap the 'investment allowance' loophole, increase the headline rate and extend it to profits since October 2021 when Liberal Democrats first called for its introduction.
- 17. Raise the Digital Services Tax on tech giants:** Increase the Digital Services Tax on social media firms and other tech giants from 2% to 6%.
- 18. Introduce a 4% tax on share buybacks:** Introduce a 4% tax on the share buyback schemes of FTSE-100 listed companies, to incentivise productive investment, job creation and economic growth.
- 19. Sewage tax on water company profits:** Apply an additional 16% tax on water company profits.
- 20. Tobacco company profits levy:** Set up a new levy on tobacco company profit margins with an inbuilt anti-avoidance mechanism.
- 21. Super tax on private jet flights:** Introduce a new tax on each private jet flight and remove the VAT exemption for private flights.
- 22. Fairly reform aviation taxes:** Reform the taxation of international flights to focus on those who fly the most, while reducing costs for ordinary households who take one or two international return flights per year.
- 23. Tackle tax avoidance and evasion:** Narrow the £36 billion annual tax gap by investing an extra £1 billion a year in HMRC to improve customer

The paragraph numbers flow on from their explanation of their spending, if you are wondering if something is missing.

These are my responses:

- * Bank taxes, fine, but these were crude measures and something more sophisticated is needed now. They have not put enough thought into this.
- * Capital gains tax is good, but why not just equalise rates for everyone and be done with it and take £12 billion instead? This is a half-hearted measure that will be complicated. The [Taxing Wealth Report 2024](#) version is better, I suggest.
- * Windfall tax, a fair suggestion. The current rules are absurd.
- * Digital services tax: why not commit to an international solution? Earlier iterations of this tax have been weak.
- * Buy-back tax is not an issue: most of these are already taxed. I cannot see this raising anything of consequence in the UK. It's based on a misunderstanding of how these buy-backs work here.
- * Sewage tax: better regulation and not tax is the answer. This proposal is counter-productive if anything, permitting them to keep polluting.
- * Tobacco tax: yes, please. But will it work?
- * Private jet and aviation taxes: definitely do them.
- * Tackle tax avoidance and evasion with £1 billion for HM Revenue & Customs. It looks like they have been [reading the Taxing Wealth Report 2024](#). This could come from there.

So, good in parts, but it would have been so much easier to have made it much better and avoid some pitfalls they have walked into, not least on bank taxes, digital taxes and buy-back taxes, whilst the sewage tax is just wrong: the problem has to be solved and this assumes it continues.

One final thought: without workings that is not a full costing.