

The wealthy disrupt economies and we cannot afford that

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As the [FT has noted](#) this morning:

Italy has doubled a flat tax on the foreign income of new residents, in a blow to rich expats seeking to flee the prospect of higher levies elsewhere in Europe.

As explanation, they add

Prime Minister Giorgia Meloni's cabinet on Wednesday approved a rise in the annual levy on overseas income for new tax residents in Italy to €200,000. The current €100,000 tax incentive, while popular with wealthy individuals, has been controversial among Italians, especially in the business capital Milan, where the recent influx of the super-rich has been blamed for a sharp increase in real estate prices and other rises in living costs.

There are three obvious comments to make.

The first is that we need to tax the wealthy because they are wealthy. Their wealth disrupts economies, and we cannot afford that.

Second, people realise that even if it seems it takes a great deal to persuade politicians of the fact.

Third, luring unproductive wealth is very destructive to a society. We know that in the UK now, we have done it for far too long.

So, how should we react?

First, the non-domicile rule in the UK really should go as the UK has promised. Italy helps us achieve this: there is one less place to go.

Second, we should tax the income and gains derived from wealth a lot more. The [Taxing Wealth Report 2024](#) explains how.

Third, we need to tackle the tax haven abuse that the UK has promoted for so long. They need to be brought under control, and their abuse has to be ended. They exist to exacerbate inequality in the world and to undermine the right of the state to tax. They have no role left to play that is of any value to humankind;

Labour could do this.

Will it?