

Why won't Labour tax wealth?

<https://www.taxresearch.org.uk/Blog/2025/03/30/why-wont-labour-tax-wealth/>

Published: January 12, 2026, 8:11 pm

One of the most difficult questions in politics right now is why Labour will not increase taxes on the wealthy. They could, and they should.

<https://www.youtube.com/watch?v=a62d-hA5cCE?si=YaLm1LVIxOTBIVY6>

This is the audio version:

https://www.podbean.com/player-v2/?i=y62m5-186668f-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=&logo_link=episode_page&button-skin=c73a3a

This is the transcript:

Why won't Labour tax wealth?

Everybody from your grandma to the cat thinks that's what Labour should do because it's glaringly obvious that there has to be more tax paid by somebody in the UK, and even Labour themselves say those with the broadest shoulders should bear the burden - and they are the wealthy.

But Labour won't do that.

Now, let's be clear. I'm not asking for a wealth tax because wealth taxes are impossibly

difficult to create and impose, and they would take years to put in place, and even if that was done, they would be a nightmare to operate.

But we could increase the highest rates of income tax.

We could charge national insurance right across the board when it comes to earned income.

We could create an alternative to national insurance to be imposed on rents and interest and dividends above a set limit year which would not affect most people at all.

We could equalize the capital gains tax rate and the income tax rate, and that almost invariably only affects the wealthiest people.

And we could cut the tax relief for some of the wealthiest in the country by, for example, restricting the pension tax relief to the basic rate of income tax instead of the highest rate that a person pays.

And we could cut the rate of tax relief on gifts to charity so that when the wealthy give money to charity, they don't actually get tax back that the charity sees no benefit from.

We could do all those things.

We could raise, as a consequence, more than enough money to deal with all the issues that the UK government now has to face to make sure that it delivers what people need.

These changes would be simple.

They would be straightforward.

There would be a furore, but that always is about a tax change, so let's not worry about that.

The fact is, the country would be a better place as a result.

So, why won't Labour do it?

Are all their friends wealthy?

Are all their sponsors wealthy?

Are they so desperate to be wealthy that they won't upset those people that they know who are?

Are they absolutely in hock to the City of London?

Those are the only explanations that I can supply, but whatever the answer is, they are getting this one horribly wrong.

Labour needs to tax the income and gains from wealth more. Then we'd have a better country, and they might even have a chance of being reelected.