

The student politics in play on wealth taxation

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I noticed this [in the FT yesterday](#):

Downing Street has declined to categorically rule out imposing a “wealth tax” on Britain’s richest people after former Labour leader Lord Neil Kinnock said such a levy was a good way to fill a growing hole in the public finances.

Chancellor Rachel Reeves is under mounting pressure to raise taxes after last week’s £5bn retreat on welfare savings despite having ruled out a wealth tax on several occasions, including in April this year.

I would love to think that Labour would understand that a wealth tax really does not make sense when there are so many other options available to them, as I demonstrated in the [Taxing Wealth Report](#).

However, hysteria appears to be sweeping over those campaigning on this issue, and I got terribly excited emails from 38 Degrees and others yesterday on the prospect of having a wealth tax, no doubt written by people who have not the slightest idea about what such a tax would involve, and why it would be almost impossible to operate.

There is a reason why I no longer work with most tax justice campaigns. Unfortunately, unlike the early days of tax justice campaigning twenty years ago, very few of those now involved have any real understanding of the issues about which they spend their lives talking. The problem is particularly acute in the case of the Tax Justice Network, but it is fairly common just about everywhere.

We unambiguously need to tax wealth more in the UK, but taxing stocks of wealth as opposed to flows of income, profits, and gains derived from it is exceptionally challenging. That difficulty might be worth accepting and addressing if income from wealth were already taxed fairly, but it is not. There can be no moral, ethical, economic or technical justification for taxing income from wealth less than that created by work. However, income from wealth in the UK is at present invariably taxed at lower rates than income from work. As a result, addressing this straightforward issue so that a new

balance where income from work is taxed less than income from wealth, and at the same time, appropriate benefits are paid, should be the highest priority of all those concerned about this issue. Why it isn't, defeats me.

This is, I am afraid to say, a case where student union politics appears to be in play just when the left really could do without them. And I know I will make myself unpopular for saying so, and I do not care. This issue is too important.