

Funding the Future

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Rachel Reeves may be about to close a major inheritance tax loophole — and the wealthy are calling it “dangerous.” But what’s really dangerous in Britain? It’s not taxing the rich. It’s child poverty, crumbling public services, NHS queues, unsafe housing, and inequality. In this video, I take apart the scare stories from the wealth lobby and explain why closing loopholes is not a threat — it’s tax justice.

<https://www.youtube.com/watch?v=9FUBEhhIEFk?si=019IG54Rvu0AQycU>

This is the audio version:

https://www.podbean.com/player-v2/?i=qdrgz-1935102-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

There are lots of rumours that Rachel Reeves is going to change the rules with regard to inheritance tax in her budget, come October.

The suggestion is that she's going to make it much harder for people to make gifts during the course of their lifetime, which currently reduce their eventual inheritance tax bills on death.

The suggestions are that you might either be able to give away less in absolute value during the course of your life, or that you will have to give things away a lot earlier in life than you do now, to avoid an inheritance tax charge arising.

And Dan Neidle, who is well known in tax circles and runs something called Tax Policy Associates, has told the Times newspaper that this is now making the UK a dangerous country for the wealthy.

It's time to talk about that and what's really dangerous in the UK today.

Firstly, let's be clear about what is being suggested. At the present point in time, so long as you can give away your wealth more than seven years before you die, in effect, the gift falls out of an inheritance tax charge. And many people who are wealthy can, of course, afford to do this because they have more wealth than they need, and therefore they can give their children money well before the time that they expect to die, and in many cases, that is the most effective inheritance tax planning that they can do.

This does not apply to those who are on more middling levels of wealth because they can't give away a lot of their wealth, because it's either their pension fund, or it's their house, and they need those for the rest of their life.

So this is an unfair measure that particularly benefits the very wealthy and targets those who are amongst the wealthy middle class.

But what Rachel Reeves is obviously considering is making sure that it hits the wealthy as well. That's what the loophole that she is trying to close is all about, and frankly, I hope she does it, because it makes complete sense.

But Dan Neidle has said, " There is a big risk that Labour suffers a death by 1,000 cuts on the rich. You would be saying to non-domiciled people that not only do you have to pay inheritance tax as announced by Rachel Reeves in her last budget, but you can't even give your money away to get out of it. It would make the UK a very dangerous place for a wealthy person to be."

He's saying that as if tax is a threat to these person's safety, because after all, that's what danger represents, and he's saying it from a wealthy advisor's viewpoint.

And let's make it clear who Dan Neidle is. He was the senior tax partner for many years at one of the largest firms of lawyers in London, where it is very likely that he had a multimillion-pound income a year as a consequence. Only the very wealthy could, of course, have sought advice from him, plus very large companies. And the consequence is that he is far from being a neutral observer when it comes to wealth taxation, but he's very popular with the media as a result, and I suspect with Labour, and he has, according to his own statements, been a member of the Labour Party for a long time, but not the sort of Labour Party member that I would normally recognise at the constituency party meetings that I go to.

So let's compare his view on what danger is with what is really dangerous in the UK, because I think his comment reveals a profound misunderstanding on his part of just

what danger is.

Danger is being left on a trolley in a hospital corridor without care being provided.

Danger is represented by millions of children living in poverty.

Danger is represented by young people with no job prospects after university, and having their careers blighted as a result for the rest of their lives.

Danger is people living in unsafe, damp or structurally unsound housing.

Danger is 7 million people on NHS waiting lists.

Danger is cuts to health and safety enforcement because there aren't the regulators to make sure that we are actually safe either at work or in the places where we go, for example, for entertainment.

Danger is not being able to get an ambulance when we need one.

Danger is children with special educational needs who aren't being supported.

Danger is public services being hollowed out.

And all of these things happen because, given the narratives of our government, there isn't enough tax paid to provide these services. Whether that point is true or not, and I very strongly suspect that Dan has no understanding of the fact that spend comes before tax, and tax does not come before spend, is beside the point. That's what danger looks like.

Danger is not represented by a wealthy person having to pay a bit more tax. And in particular, he was referring to non-domiciled people.

And let's be clear about non-domiciled people. They do not consider the UK to be their permanent place of residence. They are, in fact, here temporarily, because that is what being non-domiciled means in tax terms. They have come for a period of time with every intention of leaving again.

So let's talk about why they're here.

The people that Dan Neidle is talking about came here to avoid tax.

They came here to avoid making a contribution to society.

They came here to lobby to make sure that they could keep tax advantages, and to undermine our society as a consequence.

Their departure frees policy from their influence.

Their departure frees us from the inequality that they imported with them.

Their departure creates opportunity.

And he thinks that us taking away part of their wealth is somehow dangerous, when, and let's be clear about this, they came here with the intention of never paying tax, and the consequence of them going is they'll never pay tax, and so nothing changes as a result.

The UK government is not, as a matter of fact, funded by tax receipts.

We know we can afford to meet real needs in this country if resources exist.

Proper taxation curbs inequality. And it exists for that purpose because inequality is harming well-being in this country, and that task of curbing inequality exists independently of the need of the government for funding, because funding does not pay for government services.

In that case, the danger that Dan Neidle is talking about has nothing to do with public services. It is just about the supposed well-being of the ultra wealthy who have too much money to live on in the rest of their lives, whatever you imagine they might want to spend money upon, and yet he thinks charging them to a bit of tax would represent danger.

Their wealth flight is a scare story. They were never going to pay anyway.

The real danger is that not taxing wealth leaves millions in genuine danger because we are not balancing the fiscal cycle in the way that we need to with the wealthiest making the contribution they should, because they too are part of our society and are utterly dependent upon it, as they'll all find out the moment they have a heart attack or one of their children is seriously ill, or anything else, because then they will become users of the NHS, just like everyone else.

It's time we stopped listening to the advisors to the ultra-wealthy with their distorted opinion on what the priorities of this country are.

Danger for the wealthy is not danger for the UK.

The danger is of government inaction on poverty, wealth, and inequality because they listen to people like Dan Neidle, who are seeking to undermine the public services in this country with the sorts of comments they make about the danger of taxation. Reeves should ignore the scare stories from the wealth lobby.

Tax loopholes for the rich must be closed.

If non-doms leave, that's a net gain for fairness and for democratic freedom in this

country because we can have the policies that we want.

The true danger lies in failing to protect the vulnerable and not in taxing the wealthy, and it's time the media and commentators got their heads around that fact.

Tell us what you think. There's a poll below. We're going to ask your opinion on should we be worried about the wealthy leaving or is it time for tax justice? Let us know.

Poll

[poll id="183"]

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