

Ten tax reforms and closed loopholes to raise over £60 billion in a single year

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About us: Tax Justice UK and Patriotic Millionaires UK campaign for a fairer and more equal tax system that makes life better for all of us.

Background

In recent years, the UK's super-rich have accumulated even [more wealth](#), while our public services have been decimated and inequality has soared. [Increasing numbers of people](#) are being pushed into poverty, at the sharpest end of an ongoing cost-of-living crisis. The wealthiest people and corporations are also [fuelling climate breakdown](#), through excessive consumption, harmful investment choices and political power. The UK has the sixth largest economy in the world, but this wealth is a largely untapped resource, held by a small proportion of the population. According to [Joseph Rowntree Foundation](#), as of 2021, the top 10% of the UK's population owned an enormous 57% of the country's wealth, while the bottom 50% owned less than 5%.

The UK's unequal tax system is stacked in favour of the super-rich, fuelling this inequality. Unfair loopholes and far lower rates of tax on income from wealth than work mean the wealthiest in our society often pay [proportionally lower taxes](#) than the average person, ensuring they get richer at a faster rate. Taxes on work currently bring in [almost half](#) of all government tax receipts, while taxes related to wealth, such as capital gains and stamp duty, are only set to bring in [£1 out of £25](#). Former Prime Minister Rishi Sunak - from one of the [250 richest families](#) in the UK - [paid just 23% in tax in 2023](#) on his £2.2 million in earnings. That's a lower rate of tax than a teacher.

It is only right that we tax wealth more. However some super rich individuals and companies are doing everything in their power to block or get the government to water down tax changes which would make our tax system fairer and more equal.

Strong support for taxing wealth more

Taxing wealth more has strong and growing support, from respected [economists](#), [think-tanks](#) and international organisations including the [OECD](#) and [International Monetary Fund \(IMF\)](#). Polling from IPPR and Patriotic Millionaires UK shows that the [public](#) and 65% of [millionaires themselves](#) want the wealthiest to pay more, and are more likely to vote for a party that commits to higher taxes on the wealthiest to invest in public services.

We outline ten ways the government can achieve this, through closing loopholes and implementing credible, achievable reforms in our outdated tax system. As well as creating a fairer tax system, these changes would raise vital funds to support our crumbling public

services, reduce inequality, tackle the climate crisis and strengthen our economy. They are designed to ensure the wealthiest pay their fair share, so all our communities can thrive.

Progress made in the October 2024 budget

The October 2024 budget was a welcome downpayment to fix our public services, paid for in part by a set of mildly progressive tax rises forecast to raise £40 billion overall. It included some important steps in the right direction, including closing loopholes in inheritance tax and the windfall tax for North Sea oil and gas companies, ending the unfair non-dom status scheme, doubling the higher rate of Air Passenger Duty (APD) for larger private jets and ending tax breaks for private schools.

However, the changes made in last year's budget do not go far enough to truly get our NHS working, fix our crumbling public infrastructure or ensure that people feel a meaningful improvement to their quality of life. In fact, the budget widened the gap in tax rates between those who earn an income from wealth and the vast majority of us who work for a living, through the rise in National Insurance contributions. We still have a long way to go, and the policies below outline how we can get there.

What are the next steps?

1. Apply a [2% tax on assets over £10 million](#), to raise up to [£24 billion](#)¹ a year

A wealth tax on assets exceeding £10 million would require individuals with total wealth above this threshold to pay a 2% tax on the excess amount.² Setting this tax at a high threshold of £10 million in assets would ensure that only a tiny proportion of the population are impacted - just 0.04%, or 20,000 people - yet would raise significant funds for our public services. These are some of the UK's wealthiest people, who possess a diversity of assets. This means they would be able to pay without having to sell property or experiencing a significant change in their financial situation. The relatively small number of people impacted would also make this tax much easier for HMRC to administer. This change would ensure that people who have benefited enormously from economic changes and inherited wealth pay their fair share.

Momentum is growing behind a 'tax on £10 million', including from [think-tanks](#), politicians, [unions](#), [journalists](#), a [former advisor to Tony Blair](#) and [138 NGO leaders](#) from the international development sector. These calls are supported by the general public and millionaires themselves: our own [research](#) found that 72% of respondents supported a 'tax on £10 million', and polling from Patriotic Millionaires UK shows [65% of UK millionaires](#) support a 2% tax on assets over £10 million to help fund public services and tackle the cost of living crisis. The groundwork for such a tax is already well-developed; [CenTax](#) provides a

¹ This figure includes behavioural response.

² For example, a person with assets worth £11 mil would pay 2% on the £1 mil above the threshold (£20,000).

comprehensive framework showing how it could work in practice.

2. Reform the Capital Gains Tax system through increasing rates and closing loopholes, to raise around [£12 billion a year](#)³

Capital Gains Tax (CGT) - the tax paid on profits made on the sale of an asset - is one of the UK's most dysfunctional and economically inefficient taxes, characterised by unfair loopholes and rates. While Rachel Reeves made small tweaks in the October 2024 budget, raising the main and higher rates to 18% and 24%, this still leaves the UK's CGT rate as the lowest in the G7 - something Britain's crumbling public services cannot afford. The Chancellor's reforms are set to raise [£2.5 billion by 2029-30](#), whereas a [full package of reform](#) could raise a [further £12bn a year \(£14.3bn in total\)](#), create a more equal tax system and support economic growth.

To achieve this, as outlined by [CenTax](#), the government should equalise CGT rates with tax rates on income, reform the tax base through closing down avoidance loopholes - removing the unfair death uplift and implementing an exit tax - and introduce an 'investment allowance'. This proposal has huge cross-party support, including from centre-right [think-tanks](#) and [Conservative politicians](#). There are strong arguments that these changes would support investment, productivity and growth, if accompanied by higher allowances, including from [IPPR](#), [CenTax](#) and the [Institute for Fiscal Studies](#).

As a first step, the government could reform the base without increasing rates, through closing unfair loopholes by implementing an exit tax or removing the death uplift. This would still go some way to making the CGT system fairer, while raising significant revenue.

3. Close the carried interest loophole so private equity bosses pay their fair share, to raise an additional [£510 million per year](#)⁴

Carried Interest is a share of profits from a private equity, venture capital or hedge fund earned by private equity bosses - a [tiny](#) fraction of society (0.01%) who possess an enormous amount of wealth. The tax treatment of carried interest, currently taxed as a capital gain, is highly [controversial](#), unfair, and in need of reform. According to [CenTax](#), men make up an enormous 85% of recipients and receive 96% of all 'carry'.

As announced in the October 2024 Budget - from April this year, the Capital Gains Tax rate applied to carried interest will increase from 28% to 32%, before transitioning to the Income Tax framework from April 2026, amounting to an [effective tax rate of 34%](#). This increase is welcome, but still falls far below the top Income Tax rate of [45%](#) paid by the

³ This figure is based on CenTax's October 2024 [proposed reforms](#) to CGT, estimated to raise £14.3bn per year, minus £2.5bn (revenue [forecast](#) by 2029-30 from the changes to CGT introduced in the October budget).

⁴ This figure is calculated based on CenTax's post-behavioural [revenue estimates](#) 'central' case scenarios, using 2025/26 static tax base. To estimate the new revenue figure, taking into account changes introduced in the October budget, we used CenTax's 'central' case scenario figures ([Table 9, p55](#)): 45% (£0.84bn) minus 34% (£0.33bn) = £0.51bn.

highest earners, and is forecast to bring in just [£85 million](#) by 2029-30. Ultimately, these changes will preserve significant and unfair advantages to private equity bosses.

It is crucial that the government uses the next Budget to ensure carried interest is taxed fully in line with other forms of income. President Trump is also looking at closing this unfair loophole. Research by [CenTax](#) estimates that fully equalising the tax rate on carried interest with the top rate of Income Tax would raise between £0.3 and £1 billion per year, calculated as £0.51 billion when the changes introduced in the 2024 budget are taken into account.

4. Properly tax income from wealth, by applying National Insurance to investment income, raising up to [£10.2 billion](#) a year

Currently National Insurance is paid on income from work but not investment, such as dividends from shares, rent from property, and interest on savings. This means that landlords who don't have a mortgage, earning huge sums of money during a housing crisis, are paying a lower tax rate than their renters whose only income is from their job. It is fair and right that the government should [expand the tax base to income from investments](#). This would simplify the tax system's treatment of different types of income and ensure that income from wealth is taxed at the same rate as earnings from work.

5. Introduce a 4% tax on share buybacks, raising between [£0.1 - £2 billion](#) a year⁵

Some of Britain's largest companies are transferring profits to their shareholders at record levels, as a means of avoiding paying taxes. And at present, UK companies are buying back their shares at a [faster rate](#) than even US groups. [According to IPPR](#), if the UK implemented a share buyback tax at 4%, it could raise between £0.1 - £2 billion by 2025/26. If buybacks are to remain at their 2024 level for the full parliament, this change could bring in an additional [£9 billion overall](#). Taxes on shareholder transfers would help ensure that companies are not channeling profits to their shareholders and encourage investment in the real economy, which would support economic growth.

6. Make the oil and gas windfall tax permanent and introduce an excess profits approach

It is right that this government closed loopholes in the windfall tax for North Sea oil and gas companies in the October budget, through increasing the rate of the Energy Profits Levy (EPL) from 35% to 38% and removing the investment allowance. This is set to raise [just under £1 billion by 2029-2030](#). But this is a [temporary](#) measure, and they currently plan to revert tax rises to prior, radically low levels in 2030. Instead, a permanent mechanism should be introduced which considers all excess profits, including windfalls, to break the UK's cycle of hiking and slashing headline tax rates. Windfall profits only include those

⁵ It should be noted that this figure will change year on year depending on the level of share buybacks in a year. The range we cite is calculated by IPPR based on the 10-year high share buy back level and the 10-year low level on 2022 levels of share buybacks. These figures do not take account of dynamic effects and will change if companies don't make buybacks.

unexpectedly arising from external events, such as the war in Ukraine. An excess profits tax approach would also include excessive profits for other reasons such as monopoly power and network effects. According to Oxfam, this could have [raised between £2.2 - £4.4 billion in 2022](#), more than double what the government's changes are forecast to bring in.⁶

7. End and redirect fossil fuel subsidies for oil and gas companies to raise [£2.2 billion per year](#)⁷

Taxpayers subsidise oil and gas companies in the North Sea for activities such as exploration and decommissioning, which is incompatible with the UK's climate commitments and drives costly climate damage. According to Oxfam this would in practice mean choosing to invest existing revenues differently, away from enabling polluting practices and towards climate action. They found that between 2017-2021, the UK provided around [£2.2 billion of support per year](#) to fossil fuel producers - funding that could, for example, support communities impacted by flooding or bring the UK closer to its goal of becoming a 'Clean Energy Superpower'. The [OBR estimates](#) that between 2022 and 2027, £25.3 billion will be spent on new oil and gas projects. By providing billions in subsidies to fossil fuel producers, not only is the UK Government losing this vital revenue, but it is pushing companies to continue investing in harmful fossil fuels rather than climate-just alternatives.

8. Tax private jets more, to raise at least an additional [£1.2 billion per year](#)⁸

Private jets release up to [fourteen times](#) more carbon per passenger than commercial flights, and the UK has [more private flights and pollution](#) from private jets than any other country in Europe.⁹ Therefore, the government's commitment in the October 2024 budget to raise the higher rate of Air Passenger Duty (APD) by 50% for larger private jets, is a welcome and long-overdue change. But even with these changes, APD will remain an incredibly unfair tax, with disproportionately less impact on the super-rich than those taking ordinary flights, and only larger private jets subject to the higher rate.

As such, we welcome the government's consultation on extending the scope of the higher rate to include more private jets, and **strongly hope this results in this rate being extended to include all private jets regardless of weight.** This would raise much needed additional revenue, and even at the higher level, experts [calculate](#) APD will still only account for no more than 2% of the average cost of a private flight. In addition, despite the fact private jets are a luxury only a fraction of people can afford, most are still not subject to VAT or fuel duty - taxes the rest of us pay everyday - making it easier to continue emitting huge amounts of pollution. **Levying VAT and taxing fuel, along with landing and departure slots,**

⁶ We have not included this in our overall revenue figure as we do not have a post-budget estimate.

⁷ This figure should be taken as indicative to account for fluctuations based on behavioural responses and compensation the gov would be liable to pay if it were to change the rules on decommissioning tax relief.

⁸ This figure includes Oxfam's estimated revenue from levying VAT and taxing fuel, landing and departure slots. We do not have an updated revenue figure for applying the higher rate of APD to all private jets, therefore this estimate is likely lower than what would be raised if all recommendations were implemented.

⁹ In 2022, the top 3 consisted of the United Kingdom (90,256 flights), France (84,885 flights) and Germany (58,424 flights).

is the fair thing to do and could raise significant revenue. According to Oxfam, this would have raised up to [£1.2 billion more](#) in 2023.

9. Properly fund and resource HMRC to tackle tax abuse and end unfair reliefs

The government's commitment to increase investment in HMRC is very welcome. This is forecast to raise [£6.5 billion](#) in 2029-2030, vital funds needed to tackle tax avoidance and evasion, which would raise further revenue to support our communities and economy. However, the UK's tax gap currently sits at a huge [£40 billion](#), showing there is still much more that must be done to ensure everyone is paying their fair share, **something that can only be achieved through additional funding and resources.**

The UK tax code is the most complex in the world, littered with tax reliefs, many of which are unfair, inefficient, and favour vested interest groups and multinational corporations. Even HMRC - the UK's tax authority - [recently admitted](#) it only knows the cost of 365 of the UK's 1180 tax reliefs. A [2024 report](#) by the National Audit Office (NAO) found that non-structural tax reliefs cost an enormous £204bn in 2022/23 - nearly £30 billion more than the entire [NHS England budget](#) for 2024/25. The Video Games Tax Relief (VGTR) [cost £197 million](#) in 2022, more than five times more than anticipated. Despite being designed to help independent developers produce "culturally British" games, evidence shows it is large, multinational firms that benefit from the lion's share, such as US-owned company Rockstar who received [41% of all VGTR](#) paid out in the UK in 2021-22.

As a first step, the government should properly audit and evaluate the cost and impact of all tax reliefs on a regular basis, to feed into the spending review cycle.

10. Stop rich multinational corporations evading tax by mandating they declare profits wherever they operate, to raise just under [£15 billion a year](#)

The vast majority of multinational companies refuse to disclose how much corporation tax they pay here in the UK or any other country. This lack of transparency means the government has no way of knowing if they are paying their fair share of taxes, making it easier for [companies](#), like Amazon, to shift their profits to tax havens. Across the globe, [36% of multinational profits](#) are artificially shifted to tax havens each year, leading to a US\$226bn reduction in corporate income tax revenues. Using 2021 data, the UK was found to suffer a staggering £71 billion of profit shifting, leading to an estimated [£15 billion](#) loss in corporation tax revenues.¹⁰

It is crucial the government mandates multinational businesses operating in the UK to publish a breakdown of exactly how much income, profit and tax they generate here and in all other countries - known as 'public country by country reporting' (pCbCR). The UK

¹⁰ This figure is based on Atlas off the Offshore World's [data-sets](#) for 2021 on global profit shifting from multinational corporations, converted into GDP on 24.2.25 (USD \$18.94bn = £14.99bn) - should be taken as indicative given exchange rate fluctuations.

government agreed this was merited in 2016, but has yet to implement this power. Increasing numbers of nations are mandating pCbCR - from the EU to Australia - where there is [evidence](#) of reduced use of tax havens and profit shifting, and increased effective tax rates and domestic tax revenue mobilisation. The UK must follow suit - not just to raise significant revenue, but to restore its credibility as a global leader in tackling tax abuse.

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These policies build on previous policy work from Tax Justice UK and Patriotic Millionaires UK, found in our [‘Ten tax reforms to raise £60 billion’](#), [‘Six wealth taxes’](#) and [‘Close five loopholes’](#) pieces. We have updated sources and data where available. These revenue figures are estimates based on research from government institutes, academics and think tanks, in particular the work of economists [Dr. Arun Advani](#) (University of Warwick) and [Dr. Andy Summers](#) (London School of Economics), of [CenTax](#). The figures cited in this paper should be taken as indicative estimates, since revenue calculations for tax changes are difficult to estimate as dynamic and behavioural effects can be uncertain, and while we have tried to take into account changes introduced in the October 2024 budget, some revenue estimates may be impacted. The policies in this paper should not be taken as exhaustive - they are indicative of the multitude of sensible policy options available and should be placed in a wider package of tax reform, including work on global tax governance and [fixing the broken council tax system](#).

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