

Ten tax reforms and closed loopholes to raise over £50 billion in a single year

March 2026

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 - which according to YouGov, remains [the most important](#) issue for a majority of people in the UK. The wealthiest people and corporations are also [fuelling climate breakdown](#), through excessive consumption, harmful investment choices and political power.

It doesn't need to be this way. 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. [Equality Trust](#) research shows that billionaire wealth has grown by 842% since 1990, and the 50 richest families in the UK currently own more wealth than the poorest 34 million people. Inherited wealth has reached unprecedented levels - occupying [twice the share](#) of the national economy than it did in the 1980s (nearly 9% of UK GDP), with 'baby boomers' expected to pass down an enormous [£5.5 trillion](#) over the next two decades.

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. [Evidence shows](#) that those on the lowest incomes face effective tax rates of 44% (once income tax, National Insurance and the tapering of personal allowances are taken into account), while the richest pay around 21%, because of lower rates of tax on assets like capital gains and dividends. 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 the same rate of tax as 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 by IPPR and Patriotic Millionaires UK shows that 75% of the [public](#) and

80% of UK [millionaires themselves](#) want the wealthiest to pay more, and are more likely to vote for a party that commits to higher taxes on the super rich to invest in public services.

We outline ten ways the government can create a fairer tax system fit for 2026, through closing unfair loopholes and implementing credible, achievable reforms. These changes would not only raise significant funds for our public services, they would reduce inequality, improve living standards, strengthen our economy and tackle climate breakdown.

Progress made in the November 2025 budget

The November 2025 budget included a series of moderate tax rises which tinker round the edges of the tax system and are forecast to raise [around £26 billion by 2030-31](#). These changes fall far short of the scale of progressive reform necessary to truly improve people's lives, grow the economy and tackle spiralling wealth inequality in this country. Despite all the government's talk of the cost-of-living, it was a clear contradiction that the biggest revenue raising measure in this Budget was a freeze on personal tax thresholds. This places the responsibility on ordinary people to contribute more tax, while the extreme wealth of the super-rich remains largely untouched.

Increasing tax rates on investment and savings income was a positive change, but doesn't go far enough to ensure income from wealth is taxed the same as work. The same applies to the introduction of a mansion tax which will raise relatively small sums, while adding complexity to an outdated and confusing council tax system. The Government's decision to maintain the Energy Profits Levy and move towards a more progressive, revenue based permanent mechanism for capturing oil and gas profits was welcome, but it is unclear why the threshold for when tax is paid has been set so high. Much-needed wholesale changes were avoided, like taxes on wealth targeted at those who have amassed fortunes beyond reasonable comprehension. We clearly 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 would ensure that only a tiny proportion of the population are impacted - just 0.03%, or [22,000 people using 2021 data](#) - making it much easier for HMRC to administer. Yet, it would raise significant funds to relieve the cost of living crisis and fix our public services, and tackle wealth inequality in the longer term through redistributing wealth more fairly. Those impacted are some of the UK's wealthiest people, who possess a

¹ This figure includes behavioural response, [calculated](#) by Arun Advani.

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

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.

This change would ensure that people who have benefited enormously from an unfair tax system, economic changes and inherited wealth pay their fair share. As the Wealth Tax Commission [outline](#), if the government's aim is to reduce wealth inequality, an annual wealth tax is the clearest way to achieve this goal via the tax system, as there are limits to what can be achieved through reforming existing taxes on wealth. [CenTax](#) provides a comprehensive framework for how a tax on £10 million could work in practice.

Momentum is growing behind a 'tax on £10 million', including from [think-tanks](#), politicians, [30 leading economists](#), [unions](#), [journalists](#), a [former advisor to Tony Blair](#) and [138 NGO leaders](#) from the international development sector. These calls are supported by [75% of the general public](#) and [80% of UK millionaires](#) themselves, when used to help fund public services and tackle the cost of living crisis.

2. Reform the Capital Gains Tax system through increasing rates and closing loopholes, to raise [£11.3 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%, she did not complete reform at the 2025 budget, leaving the UK's CGT rate as the lowest in the G7 - something Britain's communities struggling with the cost of daily living 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 £11.3bn a year](#), 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 a settling up charge. 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 an investment allowance, 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 these unfair and unnecessary loopholes. This would still go some way to making the Capital Gain Tax system fairer, while raising significant revenue.

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).

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'.

From April 2025 the Capital Gains Tax rate applied to carried interest increased from 28% to 32%, and will transition to the Income Tax framework from April this year, 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 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. [CenTax](#) estimate that fully equalising the tax rate on carried interest with the top rate of Income Tax would raise around £0.5 billion when the changes introduced in the 2024 budget are taken into account.

4. Extend the scope of National Insurance to non-dividend investment income and partnership income, raising up to [£6.1 billion a year](#)⁵

Our outdated National Insurance system creates stark differences in how earnings are taxed according to their source. Currently National Insurance is paid on income from work but not investment - such as rent from property and interest on savings. This means that landlords without 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. Similarly, there is no equivalent to 'Employer NICs' on partnership profits - despite the fact these are some of the richest earners. According to [CenTax](#), the top 0.1% of UK taxpayers by total income received 46% of all partnership income in 2020, compared with less than 5% of all employment income.

It is fair and right that the government should [expand the tax base to income from investments](#) and [partnerships](#). This would remove economic distortions, ensure income from wealth is taxed at the same rate as earnings from work, and [be better](#) for growth.

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.

⁵ £6.1 billion per year ([£3.1bn](#) from property income, [£0.6bn](#) from savings income, [£0.5bn](#) from other NDI income, [£1.9bn](#) from partnership income)

5. Properly fund and resource HMRC to tackle tax abuse and raise billions

The UK faces a tax gap of [£46.8 billion](#), and HMRC has very limited understanding of the tax affairs of the super-rich, making it difficult to close this gap. [According](#) to the Public Accounts Committee (PAC), HMRC does not even know how many billionaires are in the UK or how much tax they pay. HMRC estimates suggest that [at least £2.1bn extra](#) could be raised from closing the wealthy tax gap, though experts suggest this is likely a significant underestimate. As the National Audit Office (NAO) [points out](#), a one-off payment from just one wealthy taxpayer chased by HMRC brought in £2.5 billion of previously missing tax across 2022-2024.

However, HMRC's ability to act on these gaps is limited by staffing and operational constraints. According to [Tax Watch](#), as of November 2025 HMRC had only recruited 744 of the promised 5,500 new compliance staff, with just 26 experienced and already operational. This slow recruitment may result in a shortfall of around £7bn this parliament.

The government's commitment to further increase investment in HMRC at the 2025 budget is forecast to raise [£10 billion](#) in 2029-2030, vital funds needed to tackle tax avoidance and evasion, which would raise further revenue to support communities and the economy. Yet to ensure it enables HMRC to effectively reduce the tax gap, it must be paired with targeted recruitment to attract people with necessary skillsets, training, and capacity-building. Alongside this, the Government must implement [recommendations](#) from the PAC - starting with reinstating its disbanded Ultra High Net Worth Unit - so HMRC can properly measure and collect tax from the very richest. Every pound HMRC spent in 2024 on compliance brought in [£17.45](#) in taxes collected or protected, so this investment should pay for itself several times over.

6. Audit, evaluate and phase out unfair tax breaks and reliefs, to raise upwards of £3 billion a year⁶

The UK tax code is the most complex in the world, littered with reliefs, many of which are unfair, inefficient, and favour vested interest groups and multinational corporations. Even HMRC - the UK's tax authority - [admitted](#) it only knows the cost of 365 of the UK's 1180 tax reliefs. A [2024 report](#) by the NAO found that non-structural tax reliefs cost an enormous £204bn in 2022/23 - nearly £30 billion more than the entire 2024/25 [NHS England budget](#).

Despite economic growth and corporate productivity flatlining since the pandemic, expenditure on corporate tax reliefs has increased by around [40% in nominal terms](#), and now costs the public purse more than child benefit. The largest two by far are R&D credits and the Patent Box Relief, which cost the UK [£8.2bn](#) and [£2.4bn](#) in 2024/25 respectively. In 2024 the NAO [found](#) that error and fraud in R&D tax credits are "*among the highest reported across all government spending programmes*". Around 6% (£481m) of R&D tax credit claims, according to the [latest](#) HMRC estimates.

⁶ This is based on the [£2.4bn](#) a year spent on PBR + [£481mn](#) on false or fraudulent R&D tax credits, plus the likely significant number of additional unknown unfair tax reliefs

Tax Watch [revealed](#) that despite being designed to incentivise investment and innovation across the UK economy, more than half the Patent Box annual tax break goes to just ten companies, with 27% going to a single multinational corporation - GlaxoSmithKline Plc - the highly profitable pharmaceutical company and one of the leading advocates for introducing the Patent Box. In 2024 alone, the UK tax revenue lost to GSK Plc's Patent Box relief was more than the entire annual budget of the UK's main bio-science innovation funder.

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

7. Fairly reform council tax, with regular revaluations and a proportional property tax

There is widespread agreement among politicians and the public that council tax is one of the most [regressive](#), outdated and unfair taxes across the UK today, with bands in England and Scotland still based on 1991 property values. Property is one of the biggest sources of wealth in the UK, so reforming how it is taxed would be a major step towards taxing wealth fairly. This wealth is drawn from sky-rocketing rents and property prices, and therefore comes at the expense of ordinary renters, aspiring home-owners and small businesses.

To ensure those with the broadest shoulders pay more, the Government must begin wholesale reform of the property tax system, replacing council tax with a [proportional property tax](#) based on periodically reviewed revaluations, in line with international best practice. This should also include a fair funding formula, so that councils with lower value properties don't lose out on essential funding. The Welsh Government has set a positive example - committing to revaluing property tax bands in 2028, having last revalued them in 2003, following fair and progressive improvements last year. Further, the institutional capacity for regular automatic revaluations has been put in place through the revaluation of council tax bands, and can be assisted through modern data analysis methods.

8. Stop rich multinational corporations evading tax by mandating they declare profits wherever they operate, to raise [around £5 billion a year](#)

The vast majority of multinational companies refuse to disclose how much corporation tax they pay, here or in any other country. This lack of transparency means the government has no way of knowing if they are paying their fair share of tax, 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 loss of US\$226bn in corporate income tax revenues. Using 2021 data, the UK suffered a staggering £71 billion of profit shifting, leading to an estimated [£15 billion](#) loss in corporation tax revenues.⁷

⁷ 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.

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). In 2016, the UK parliament legislated to introduce this, but successive governments have failed to enact these powers. 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 now follow suit - not just to raise significant revenue, but to restore its credibility as a global leader in tackling tax abuse. [Annual polling](#) has found that for the past five years, close to three-quarters of the public agree that the UK should "take a lead and force multinational businesses to disclose how much income, profit and tax they pay in each country in which they operate." [According](#) to the Tax Justice Network, implementing PCbCR would prevent 1 in every 4 pounds currently lost to corporate tax havens each year, and bring in around £5 billion per year.

9. End and redirect fossil fuel subsidies for oil and gas companies to raise around [£3.2 billion](#) a year⁸

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 [OECD data](#), in 2024 the UK provided £3.2 billion to fossil fuel producers, and roughly similar amounts for recent preceding years. By providing billions in subsidies to harmful fossil fuel producers, not only is the UK Government losing vital revenue, but it is pushing companies to continue investing in harmful fossil fuels rather than climate-just alternatives. This is funding that could, for example, support communities impacted by flooding or bring the UK closer to its goal of becoming a 'Clean Energy Superpower'. Therefore, the government should invest existing revenues differently, away from enabling polluting practices and towards climate action.

10. Tax private jets more, to raise at least an additional [£1.2 billion per year](#)⁹

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.¹⁰ Therefore, the government's commitment to raise the higher rate of Air Passenger Duty (APD) by 50% for larger private jets from April this year, is a welcome and long-overdue change, in line with the 'polluter pays' principle.

⁸ 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. We have excluded consumer related subsidies which are not the focus of the polluter pays approach.

⁹ 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.

¹⁰ In 2022, the top 3 consisted of the United Kingdom (90,256 flights), France (84,885 flights) and Germany (58,424 flights).

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. We are disappointed that the government's [consultation](#) has not resulted 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. As such, we welcome the Scottish Government's announcement of a private jet tax at their January 2026 budget - which must be set significantly high - and hope the UK government follows suit.

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, 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.

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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’ from [2024](#) and [2025](#), ‘[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 2024 and 2025 budgets, 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 inheritance tax system.

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