

**How can wealth be taxed?
Debates in Britain since the First World War
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Final Report

Wealth Tax Commission

A wealth tax for the UK

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FOR SOCIAL AND
ECONOMIC EQUITY

C A G E

One-off wealth tax of 5 per cent at
1 per cent pa over 5 years

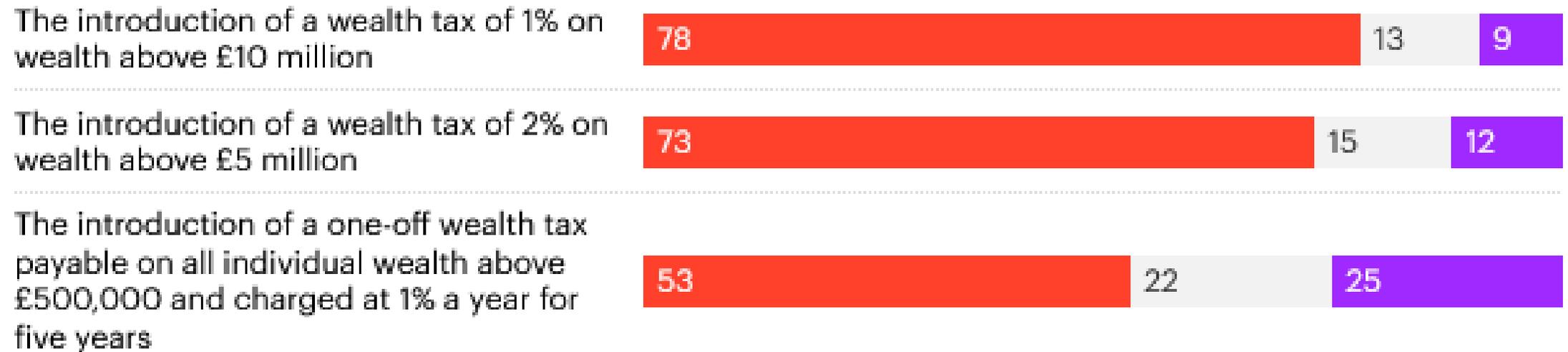
Assets over £500,000 produces
£262 bn

Assets over £2m produces £80 bn

YouGov poll, 18-19 January 2023

To what extent would you support or oppose each of the following policies? %

Support Don't know Oppose



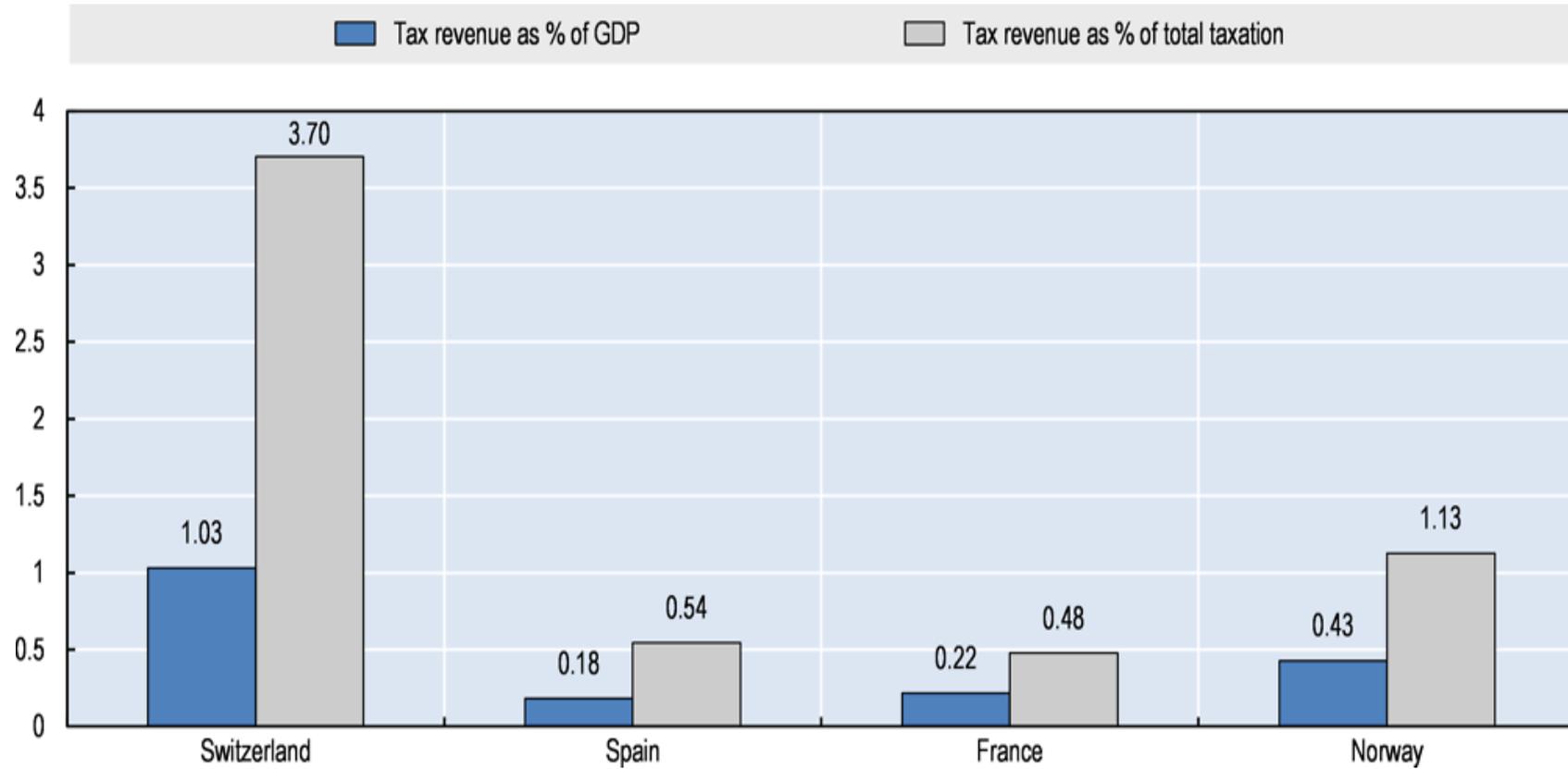


OECD Tax Policy Studies

The Role and Design of Net Wealth Taxes in the OECD

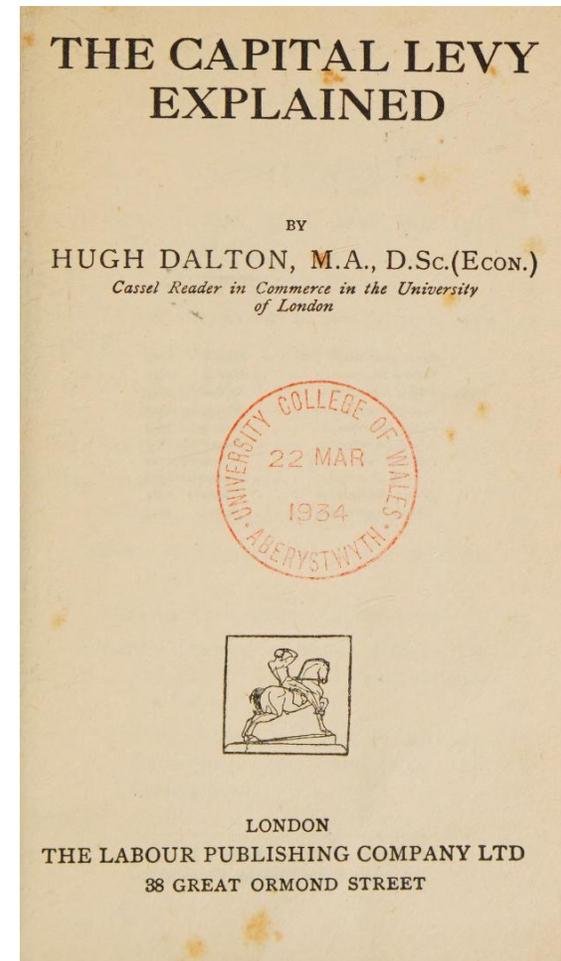
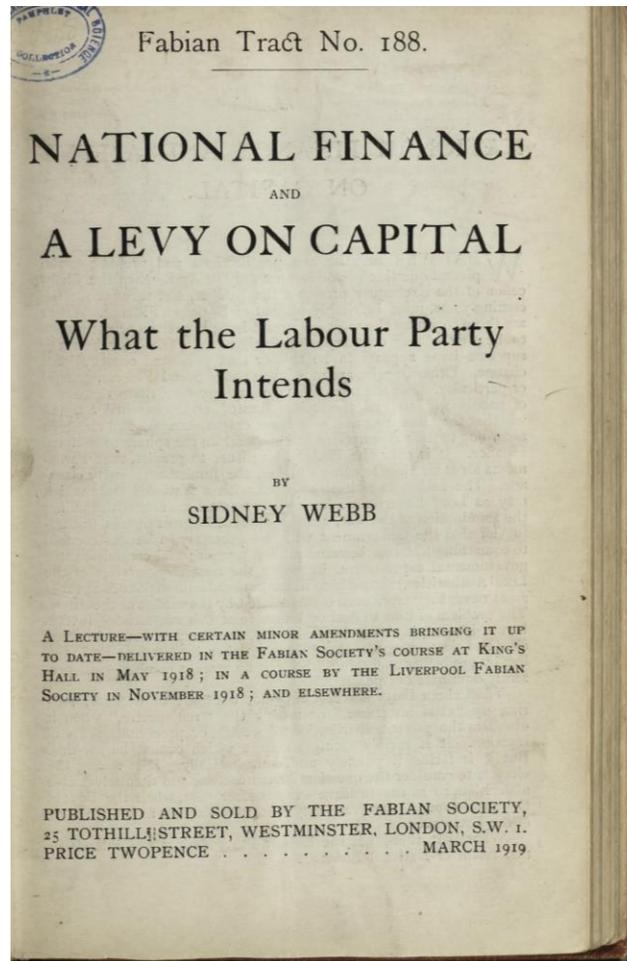
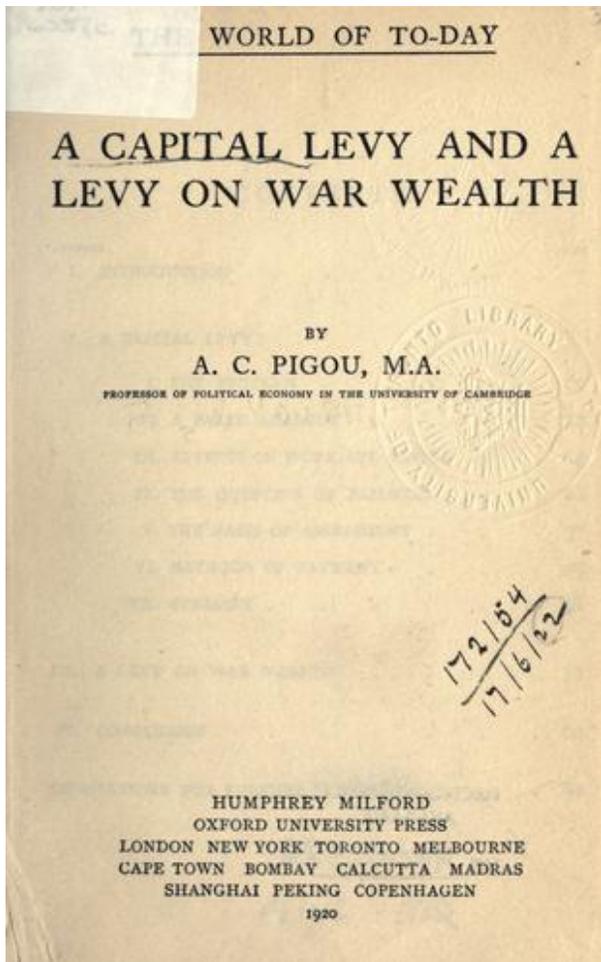


Revenues from individual net wealth taxes in France, Norway, Spain and Switzerland in 2016



Trades Union Congress Resolution, September 1916

... that, as the manhood of the nation has been conscripted to resist foreign aggression, the maintenance of freedom, and the protection of capital, this Congress demands that such a proportion of the accumulated wealth of the country shall be immediately conscripted as is necessary to defray the financial liability incurred by the prosecution of the war, and thus avoid borrowing huge loans upon which enormous sums will have to be paid in interest by future generations, which will handicap the industries of the country in national and international competition, diminish trade and impoverish the people.





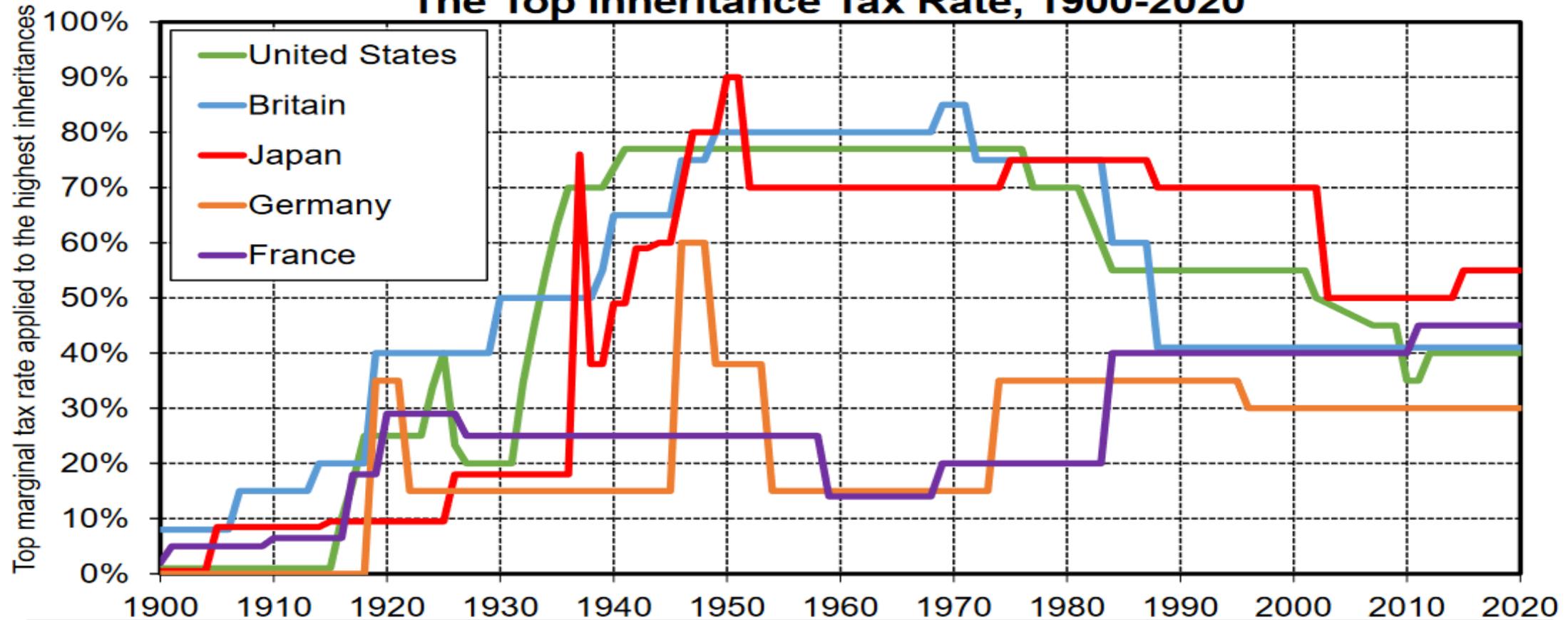
‘...not see how the defence of the Government is to be conducted on a democratic platform if we turn down the scheme of taxing war fortunes.... Look at the position of Capital if you fail to carry with you the working classes... It will be said that we are in the grip of the plutocracy and it will be said with a certain truth’.

Churchill's budget of 1925



“an encouragement to people to bestir themselves and make more money while they are alive and bring up their heirs to do the same. The process of the creation of new wealth is beneficial to the whole community. The process of squatting on old wealth though valuable is a far less lively agent... We shall never shake ourselves clear from the debts of war and break into a definitely larger period except by the energetic creation of new wealth. A premium on effort is my aim and a penalty on inertia may well be its companion.”

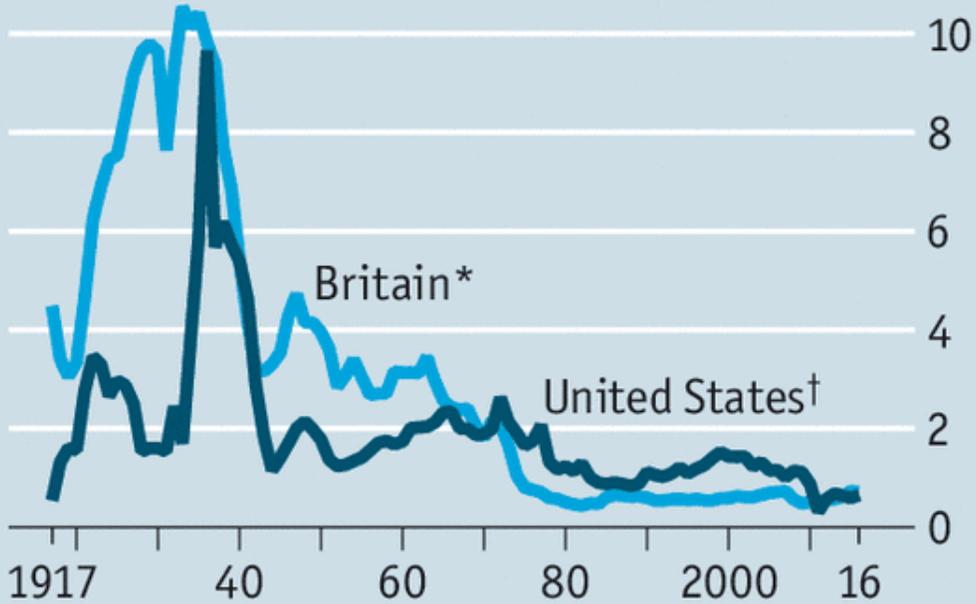
The Invention of Progressive Taxation: The Top Inheritance Tax Rate, 1900-2020



Interpretation. The marginal inheritance tax rate applied to the highest inheritances was on average 12% in the U.S. from 1900 to 1932, 75% from 1932 to 1980 and 50% from 1980 to 2018. Over these same periods, the top rate was equal to 25%, 72% and 46% in Britain, 9%, 64% and 63% in Japan, 8%, 23% and 32% in Germany, and 15%, 22% and 39% in France. Progressivity was maximal in mid-century, especially in the U.S. and in Britain. **Sources and series:** see piketty.pse.ens.fr/equality (figure 21)

Decreased from the deceased

Revenues from death duties
As % of total government receipts



Sources: Bank of England;
US Department of the Treasury;
The White House

*Including inheritance tax
†Including estate and gift taxes

Labour party manifestos

1964: 'Taxation must be fair and must be seen to be fair. The present situation where the largest gains are made, not through hard work but through the untaxed rewards of passive ownership of Stock Exchange speculation, must be ended. In particular we shall tax capital gains.'

February 1974: 'REDISTRIBUTE INCOME AND WEALTH. We shall introduce an annual Wealth Tax on the rich; bring in a new tax on major transfers of personal wealth; heavily tax speculation in property - including a new tax on property companies; and seek to eliminate tax dodging across the whole field.'

October 1974: 'Labour believes ... that taxation must be used to achieve a major redistribution of both wealth and income.... The next Labour Government will introduce an annual tax on wealth above £100,000. We will also legislate for the introduction of the Capital Transfers Tax - which will, for the first time this century, make the Estate Duty an effective tax on inherited wealth.'

Opinion poll data on wealth tax, compiled by David Cowan

	Support	oppose	don't know
March 1963	42	44	14
March 1974	67	30	3
May 1974	72	22	6
May 1979	49	51	19