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# Could Labour introduce wealth tax?

As the chancellor puts the final touches to next  
Statement, there are growing calls for a 2% wealth tax  
Campaigners say it would tackle economic inequality  
of pounds in revenue



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(Carol Photography)



BY RUTH EMERY PUBLISHED 19 MARCH 2025 IN FEATURES

The idea of imposing a 2% wealth tax on the richest people is attracting attention ahead of the government's Spring Statement next week.

A fleet of mobile billboards commissioned by the campaign group Patriotic Millionaires UK has been touring the country, which suggests the lack of a [wealth tax](#) means the UK is missing out on £460 million a week.

A number of Labour MPs like Diane Abbott, mother of the Commons, and Richard Burgon, MP for Leeds East, support the tax, as do the Green Party, lobby groups Tax Justice UK and Patriots Millionaires UK, as well as the charity Oxfam.

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When recently asked about the rumoured [benefits cuts](#), which were unveiled yesterday, Abbott said: "I would introduce the wealth tax. If you brought in a wealth tax of just 2% on people with assets over £10 million, that would raise £24 billion a year. That's what I would do."

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Chancellor Rachel Reeves will deliver her Spring Statement next Wednesday (26 March), following a [Spring Forecast](#) from the Office for Budget Responsibility, the UK's fiscal watchdog.

A challenging economic backdrop has led to speculation that we should brace for more spending cuts, hot on the heels of this week's welfare reforms.

Chris Etherington, private client partner at the tax firm RSM, comments: "Many may be hoping that the chancellor has a change of heart and looks into a wealth tax to raise funds for the Exchequer rather than looking at potential spending cuts."

## How would a wealth tax work?

A 2% annual wealth tax payable by individuals with wealth over £10 million could raise around £24 billion per year, say campaigners.

Rebecca Gowland, executive director of Patriotic Millionaires International, a network of millionaires aiming to end extreme wealth, tells *MoneyWeek*: “We need an overhaul of the tax system in this country – to both simplify it and to make it fairer. But if we are serious about addressing the real drag on our country – deep-set economic inequality – then the government must introduce a wealth tax, or its equivalent, as a priority.”

She argues that a tax would “begin to reduce the risks and harms of extreme wealth” as well as generating billions a year in “much-needed revenue”.

According to Patriotic Millionaires UK, applying the tax to assets above £10 million “would ensure that only a tiny proportion of the population are impacted – just 0.04%, or 20,000 people”.

If 2% seemed too much to today’s government and electorate, a lower 1% wealth tax could be introduced.

Gina Miller, the anti-Brexit campaigner and founder of MoneyShe.com and SCM Direct, supports the idea of a wealth tax at 1% or 2%.

She says that when it comes to funding for public services, defence, and to fuel economic growth, “targeting the most vulnerable in society should never be on the table when more practical and fairer solutions are within reach”.

She tells *MoneyWeek*: “Now is the time for a new generation of philanthropists to step up and play a similar role to the Victorian philanthropists.



“These individuals didn’t just create wealth; they used their resources to drive political and social change, benefiting education, housing, employment, healthcare, and tackling poverty across the nation.

“We are not alone in this fight: 370 millionaires and billionaires signed a letter urging global leaders at the World Economic Forum to tax the super-rich and tackle the deepening crises of poverty, inequality, and health in our societies.”

Last October, 30 MPs wrote to Reeves ahead of the [Autumn Budget](#) demanding a new 2% tax on assets worth more than £10 million. They included a dozen Labour MPs, as well as former Labour leader Jeremy Corbyn, and MPs from the Green Party, Lib Dems, Plaid Cymru and other parties.

## Would a wealth tax really raise £24 billion a year?

Critics are sceptical that a 2% wealth tax would generate £24 billion a year, as some millionaires may simply leave the UK or split their wealth between family members to escape the tax.

Etherington notes: “Whilst an annual wealth tax might theoretically raise the sums advertised, the reality is that this is highly uncertain. It would be difficult to administer and it could result in many taxpayers changing their behaviour to avoid the charge.”

There would also be administrative costs, such as for regular asset valuations. “This would be practically difficult to achieve for unlisted businesses in particular who might need to obtain an independent valuation each year. HMRC would also likely need significant amounts of

additional resources to cope with this demand,” says Etherington.

Baroness Altmann, a former pensions minister, says that while a 2% levy sounds small, “it amounts to a huge sum for an annual payment”.

She comments: “It would undoubtedly drive people away from building assets and wealth here or domiciling a business here, and would increase the flow of emigration that could amount to a brain drain if [the wealth tax is turned into] an annual payment.

“And, of course, it would be fraught with difficulty as to how to actually value someone’s assets, especially if it’s a jointly owned or a growing business.”

## Reasons for and against introducing a wealth tax

According to research by Patriotic Millionaires UK, 72% of respondents supported a “tax

on £10 million”, while 65% of UK millionaires support the wealth tax to help fund public services and tackle the cost of living crisis.

The campaign group says momentum is growing, including from politicians, think tanks and unions.

While some millionaires may be happy to pay more tax – and billions of extra revenue would naturally prove very useful for today’s Labour government – it could be a tricky tax to administer, as noted previously.



Altmann explains: “Allowances would need to be made for those whose wealth is in property or illiquid assets rather than realisable cash or securities.”

She adds: “France does have a wealth tax but it is also a country that once nationalised all of its banks without warning for ideological reasons. The UK has never gone down that route, but as a one-off it might be tried, however 2% is very high.”

Jason Hollands, managing director of Evelyn Partners, the wealth management firm, thinks a wealth tax is a “dreadful idea”.

He says that while a wealth tax might “provide a short-term boost to tax receipts, especially if sprung upon a country at short notice and accompanied by draconian capital controls to stop people taking their money elsewhere”, ultimately it won’t work.

“Such measures have been unsuccessful where they have been tried as they simply drive people and capital to other jurisdictions, undermine a country’s competitiveness and stifle new wealth creation.

“It’s a very bad idea, especially as we already have quite hefty wealth taxes in the form of inheritance tax, capital gains tax and dividend taxes,” says Hollands.

## Will the government introduce a wealth tax?

Despite the momentum around the wealth tax – and billboards popping up – Gowland admits that it hasn’t seen “much appetite from the front bench” of government.

She said: "Patriotic Millionaires UK is constantly talking with MPs across the political spectrum, including Labour MPs, but we are yet to see much appetite from the front bench. "The sluggish response is costing us all. The fact is, taxing wealth is a tool that can improve our economy, and the sooner the government realises this the quicker we can get on with the job of rebuilding Britain."

Reeves previously said on the Today programme last September: "We're not going to be bringing in a wealth tax, but there will be a number of difficult decisions around tax and spending and welfare."

When asked if the government would consider introducing a wealth tax, a Treasury spokesperson told *MoneyWeek*: "Our progressive tax system means the top 1% of taxpayers contribute nearly a third of income tax, with revenue from wealth and asset taxes such as capital gains tax and inheritance tax going towards funding tens of billions of pounds for public services."