HIGHBURY GROUP A ONE OFF WEALTH TAX?

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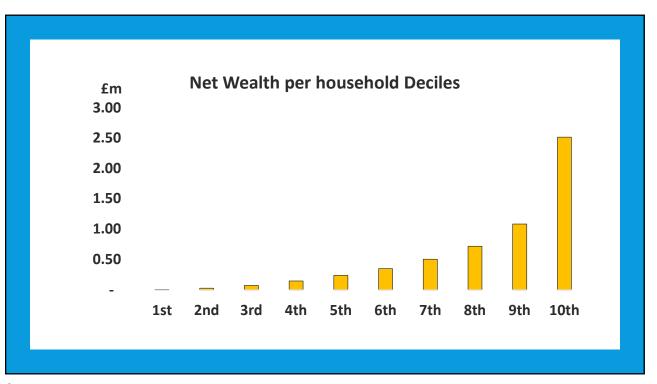
With thanks to The Wealth Tax Commission

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TOPICS

- Why a one off Wealth Tax?
- The Wealth Tax Commission
- · Wealth in Great Britain
- Distribution
- Tax rates and thresholds to clear the Covid19 public debt
- · Impact on house prices and housing supply
- Discussion

Net household wealth in Great Britain March 2018 ONS WAAS £tn				
Property Wealth (net)	3.36	23%		
Land Wealth (net)	1.73	12%		
Financial Wealth (net)	2.12	15%		
Physical Wealth	1.32	9%		
Private Pension Wealth	6.10	42%		
Total Wealth	14.63	100%		



Raising £250bn			
	Tax rate for each of		
Threshold per individual	five years	Taxpayers	Tax per year eacl
£	%	'000s	:
Flat tax			
1,000,000	1.7%	3,004	17,00
500,000	1.0%	8,246	5,00
250,000	0.6%	15,537	1,50
Progressive tax			
500,000	0.6%	8,246	3,00
1,000,000	1.0%		10,00
2,000,000	1.2%		24,00
5,000,000	1.4%		70,00
10,000,000	1.6%		160,00

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CONCLUSIONS

- Deliverable just, but likely to cause government to lose next election
- · No exemptions (e.g. private pensions) or else becomes unjust
- Will lead to house price reduction for 2nd or later purchases but not change affordability, especially for first-time buyers
- Should a Covid19 "clawback" tax be imposed just when the economy will be at its worst? A deeper downturn will reduce housing supply
- · Not recommended as a permanent annual tax