

HIGHBURY GROUP A ONE OFF WEALTH TAX?

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1st Feb 2021

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

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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%

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Net Wealth per household Deciles

£m

3.00

2.50

2.00

1.50

1.00

0.50

-

1st

2nd

3rd

4th

5th

6th

7th

8th

9th

10th

4

2

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

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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

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