The Nature of Wealth in Britain

How Wealth Wields Power and the Case for a Wealth Tax

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Introduction

We live in one of the richest nations on earth, yet we have become one of the most unequal. It is now a matter of urgency that we begin to redress the inequality of wealth distribution in Britain head on. No longer can we tinker around the edges or disguise rhetoric as action. Transformative change in the taxation of wealth is urgently required, especially after the devastating impact of covid on people's lives.

The hardship resulting from the pandemic has barely touched the very wealthy economically. Indeed, they have seen their wealth skyrocket over the last year.

There are now more billionaires in the UK than at any other time in the 33-year history of the Times Rich List. And the richest 250 people have seen an increase of £106 billion in their wealth since before the pandemic.

Juxtapose this with the fact that over 11 million people have had their jobs furloughed, 14 million are living in poverty (9 million of whom are actually in work) and there has been a 33% increase in the use of food banks in the last 12 months[1].

To add to this, the Tory government is cutting Universal Credit, breaking an election promise by hiking up National Insurance and overseeing a huge jump in inflation.

This is of course a deeply unfair state of affairs, and the public agrees. The British Attitudes Survey found that 59% of the public think that wealth differences in Britain are unfairly large.[2]

We need to tackle the inequality of wealth distribution in Britain head on. At the start of the Industrial Revolution we were one of the most productive economies in the world. Now - in so many economic sectors - we are falling behind. And the regions which contributed most, are now held back.

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[1] https://www.trusselltrust.org/news-and-blog/latest-stats/end-year-stats/
[2] https://www.bsa.natcen.ac.uk/latest-report/british-social-attitudes-37/fairness-and-justice-in-britain.aspx

Executive Summary

- As we approach the Autumn Statement, it looks likely that there will be more cuts to public services. In preparation for the Statement, the Chancellor has asked departments to find “at least 5 percent of savings and efficiencies from their day-to-day budgets”.[3]

- We have already seen the government raise national insurance - which they promised not to do in their election manifesto. However, this measure, along with real wage cuts, rising inflation and the crisis over energy prices is only going to hit those on lower and middle income earners. Pushing the burden of tax, and the cost of living, onto those on low and middle incomes is not only unjust it is also unnecessary.

- This report shows that there is untapped wealth in this country which at present is lying unproductive. There has been a steady increase in inequality between the very wealthy and everyone else. **The richest people have seen their wealth increase, by £538 billion between the financial crash and just before the start of covid. Even under covid, the richest 250 increased their wealth by another £106.7 billion.**

- The government has been focusing too much on taxing income - i.e the incomes of working and middle class people - yet they have largely ignored the accumulation of wealth. Remember, wealth is taxed at a much lower rate than income.

- The report proposes four options for a wealth tax to be consulted on. We do not believe in top-down policy making so we have given options for a one off tax, annual tax and a hybrid tax targeting increases in wealth. It also proposes bringing dividends and capital gains in line with income tax. As well as closing the loopholes used to avoid or evade tax and tackling big companies hoarding cash in reserves.

- The median revenue which could be raised by the four wealth tax options is £218.4 billion over 5 years. £37 billion over 5 years for bringing dividends into line with income tax and £90 billion over 5 years for levelling up Capital Gains Tax. **This would total £345.4 billion in 5 years.** This estimate is deliberately conservative to account for behavioural changes, admin costs, and other factors.

- Closing tax avoidance loopholes will raise £7.6 billion a year and tackling tax evasion would raise £21.5 billion a year. **A total of £29.1 billion a year, £145.5 billion in 5 years.**

- In total, approximately **£490.9 billion** could be raised in 5 years, that is £98.18 billion a year which could be used to build a dynamic green economy focussed on growth and investment rather than simply tax and spend.

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[3] https://www.gov.uk/government/news/chancellor-launches-vision-for-future-public-spending

- The money could also be used to fund policies which would increase the spending power of working people, which is key to rebuilding the economy:

  - 15% NHS pay increase (£5.1bn nominal cost)[4]
  - Making the £20 UC uplift permanent (£6bn)[5]
  - Plug the Social Care funding gap (£4.3bn)[6]
  - Local Council funding gap (£7.4bn)[7]
  - Reverse education funding cuts (£7 billion)[8]
  - Insulating all homes, reducing energy bills and cutting carbon emissions by 10% through "Warm Homes for All" (£250 billion)[9]
  - Building 150,000 houses a year (£75 billion)[10]

- This money could also fund big parts of our public services, including:
  - The entire yearly education budget of £96.1 billion (including schools, colleges, etc);[11]
  - The entire Departmental Expenditure Limits of: Local Government, including housing; Transport, the Home Office and the DWP.[12]

- In order to implement such radical policies, we have to tackle the power wealth wields over our political systems. Unfortunately, wealth buys influence. In order to make taxing wealth workable, vested interests need to be taken out of our political structures and institutions.

- Lastly, we <u>do not</u> want to tax people's homes, pensions, savings or earnings. Indeed, the aim of this report is to show that it is the wealthy who should be contributing more, not workers. The latter are already taxed at a much higher rate, and we expect to only tax the wealth of a small number of people in the top 1%.

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[4] https://www.theguardian.com/society/2021/jan/18/government-pay-rise-cost-nhs-england-staff-report
[5] https://ifs.org.uk/publications/15528#
[6] https://www.kingsfund.org.uk/projects/verdict/how-serious-are-pressures-social-care#:~:text=The%20Local%20Government%20Association%20estimates,continue%20to%20absorb%20these%20pressures.
[7] https://www.local.gov.uk/about/news/lga-analysis-covid-19-council-funding-gap-widens-ps74-billion
[8] https://www.mirror.co.uk/news/politics/education-spending-falls-more-7-13852586
[9] https://labour.org.uk/press/warm-homes-for-all-labours-plan-to-reduce-energy-bills-create-jobs-and-tackle-the-climate-emergency/
[10] https://www.theguardian.com/politics/2019/nov/20/labour-to-unveil-75bn-social-housing-plan-to-build-for-the-many
[11] https://obr.uk/docs/dlm_uploads/BriefGuide-B21.pdf
[12] https://www.gov.uk/government/statistics/public-spending-statistics-release-july-2021/public-spending-statistics-july-2021

What has happened to those earning a Wage or Salary?

1. The impact of covid and the austerity legacy on working people

The economic impact of the covid pandemic has hit working people the most, especially those in low-income jobs.

The IFS found that one third of employees in the bottom 10% of earners work in shut down sectors, compared to 5% in the top 10%. And they estimate that excluding key workers, 80% of people in the bottom tenth of the earnings distribution are either in a shutdown sector or are unlikely to be working from home.[13]

Also, there have been over 11.5 million people on furlough receiving only 80% of their usual salary, over the course of the pandemic. This translates to roughly 4.7 million people at any one time. Another 2.2 million have had to rely on the Self-Employment Income Support Scheme (SEISS).

Unemployment is affecting the younger and older ends of the labour market. According to the House of Commons Library, employment levels have fallen for young people aged 16-24 by 5% and fallen for older workers aged 65+ by 6%. In comparison, employment levels for those aged 25-64 have also fallen, but by only 1.1%.[14]

Even before the pandemic hit, it was estimated that workers lost on average £13,296 each between 2008-2018 - the equivalent of £433 billion since the 2008 economic crash. And the UN Rapporteur reported that 14 million people in the UK were living in poverty.

In-work poverty has risen, from 9.9% of workers in 1997/98 to 12.7% in 2018/2019.[15] A Joseph Rowntree Foundation report published in February 2020 found that approximately 14 million people were living in poverty in the UK and 56% of them lived in a household where at least one person had a job (7.84 million). Twenty years ago the percentage was 39%.[16]

This is unsurprising given the increasing precarity of work. In 2021 there were nearly 1 million on zero hours contracts and the latest figures available for under-employment show that 9% of people want more hours but cannot get them.[17]

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[13] https://www.statista.com/statistics/414896/employees-with-zero-hours-contracts-number/
[14] https://researchbriefings.files.parliament.uk/documents/CBP-8898/CBP-8898.pdf
[15] https://www.jrf.org.uk/report/uk-poverty-2020-21, pg 7
[16] https://www.jrf.org.uk/report/what-has-driven-rise-work-poverty
[17] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/underemploymentandoveremploymentemp16

In January to March 2020, just before the pandemic hit, 4 out of 1000 people faced redundancy. By the time we got to the middle of the pandemic in November 2020, this went up to just over 14 per 1000.[18]

The situation for the richest people in the country however is very different. They have actually increased their wealth at a time when the majority of people are suffering. This distasteful inequity of the impact of the virus was acknowledged by a Sunday Times Rich List editorial which stated:

> *"There are many readers who will feel uncomfortable that such astonishing fortunes have been created as Britain battled a virus that has so far claimed about 128,000 lives, increased unemployment to 1.7 million, ramped up government debt, clipped civil liberties and heightened levels of depression and other mental illnesses."[19]*

2. Impact on Wages

As shown in the graph below, wages and salaries were drastically decoupled from productivity after the 2008 financial crash, although the trend had started before this time.

Figure 1

This data indicated that although workers are actually producing more, they have not been receiving the reward in their pay. So that surplus must be going somewhere, as it is not going to workers.

In fact, as the graph below shows, the share of national income (GDP) going to wages has been declining at an alarming rate since the 1970s, in other words, workers are getting a smaller piece of the pie.[20]

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[18] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/latest#redundancies

[19] https://www.thetimes.co.uk/article/sunday-times-rich-list-2021-covid-billionaires-uk-57vjgrp7s

[20] Data from Stewart Lansley's book "The Cost of Inequality"

Figure 2

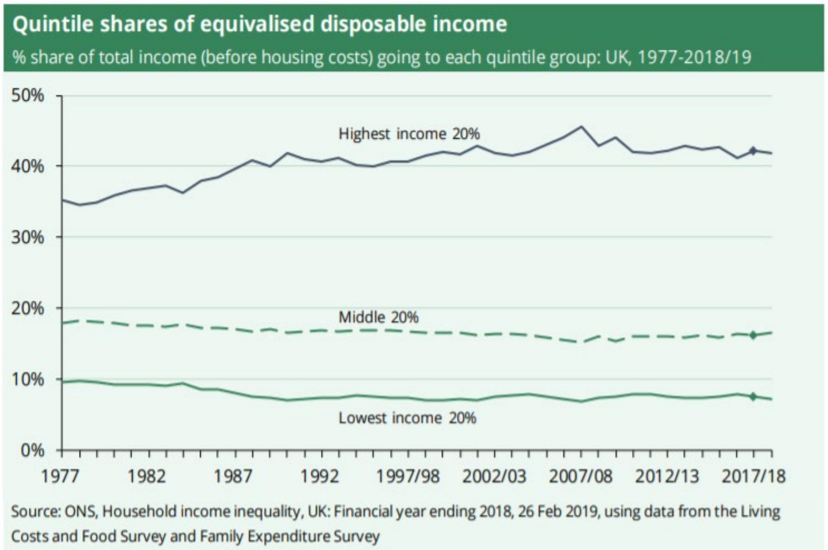
In 2017, the Financial Times reported that:

> *"The UK sits on its own as a rich economy that experienced a strong economic performance while the real wages of its workers dropped. Britain's GDP went back to pre-crisis levels in the third quarter of 2013 and it is now nearly 10 per cent larger than in the second quarter of 2008. Yet in 2014 wages were almost 10 per cent lower than seven years before."*[21]

It is perhaps unsurprising that the UK has therefore seen a rise in poverty in working households. In 2018, the Guardian reported that:

"The proportion of people living in poverty who are in a working family has hit a record high, according to a report that shows rising levels of employment have failed to translate into higher living standards."[22]

[21] https://www.ft.com/content/83e7e87e-fe64-11e6-96f8-3700c5664d30
[22] https://www.theguardian.com/business/2020/feb/07/uk-live-poverty-charity-joseph-rowntree-foundation



Although there will be further discussion of inequality in the next section, it is worth noting here that there is also still vast income inequality between the richest and the middle and lowest income earners, as shown by figure 3 from the House of Commons Library.[23]

Figure 3

Health Inequality Impact

Wealth inequality does not just have strictly economic consequences, it also impacts the health and wellbeing of our society.

Research produced by Imperial College London and published in the Lancet showed a worrying decline in life expectancy. This is the first time in a century we are seeing mortality rates fall. The research was clear in concluding the cause[24]:

> *"Our results show that numerous communities in England had begun to have a decline in longevity before the pandemic, mirroring an earlier trend in the USA. In both countries, the decline in life expectancy was associated with the economic trends of unemployment and insecure and low-wage employment following late 20th century deindustrialisation. In England, these economic trends led to a larger loss of jobs in the north than in London and the southeast, where improvements in state education have given students, including from poorer areas, skills for jobs in a changing economy.*
>
> *These long-term changes were followed by a reduction in social support and welfare payments and in funding to the local governments during the austerity period, which increased poverty, including in-work poverty, such that by 2018–19, one in five people in the UK lived in poverty.*
>
> *These cuts also had larger effects in the north than in London and southern parts of the country and worsened the effects of loss of secure employment.*

[23] https://commonslibrary.parliament.uk/research-briefings/cbp-7484/
[24] https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667(21)00205-X/fulltext

Poverty and reduced funding to services increase mortality through health behaviours such as smoking and alcohol use, poor nutrition and living environment, psychosocial pathways, and lower provision or use of preventive and curative health care."

Notably, life expectancy is increasing for those in more affluent areas, whilst poorer areas are declining: *"Areas in London and the home counties still continued on the path of living longer - but life expectancy fell in some urban parts of Leeds, Newcastle, Manchester, Liverpool and Blackpool where life expectancy was below 70 for men and 75 for women."*[25]

This inequality can also be seen when measuring how long we can expect to live a healthy life for. The map below plots the average age one will live a healthy life for, and the results are stark[26].

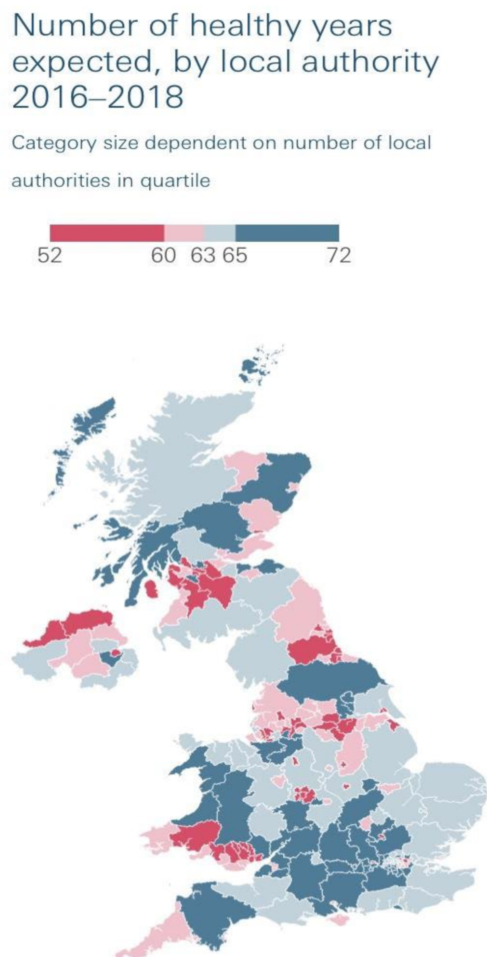


Figure 4

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[25] https://www.bbc.co.uk/news/uk-58893328

[26] https://www.health.org.uk/news-and-comment/charts-and-infographics/male-healthy-life-expectancy-from-birth

For example, boys born in Blackpool can expect to live 53.3 years of healthy life. The average wage here is £458.70 and 38% of people have what are considered "top jobs". In Richmond Upon Thames however, a boy born today would expect to have 71.9 years of healthy life. The average wage is £893.20 and over 76% have a "top job".[27]

Fairness

Let's not forget that income is consistently taxed at a higher rate than wealth. For example, the basic rate of income tax is 20%; for dividends it is 7.5%; for capital gains it is 10%. And for a company buying property, they will usually only be subject to corporation tax (rather than capital gains) which was cut under David Cameron and will only increase in 2023.

As shown by the Office of Budget Responsibility, the government's biggest income is from income tax, with £344.9 billion coming in from this revenue source. Here is their breakdown for 2021-22[28]:

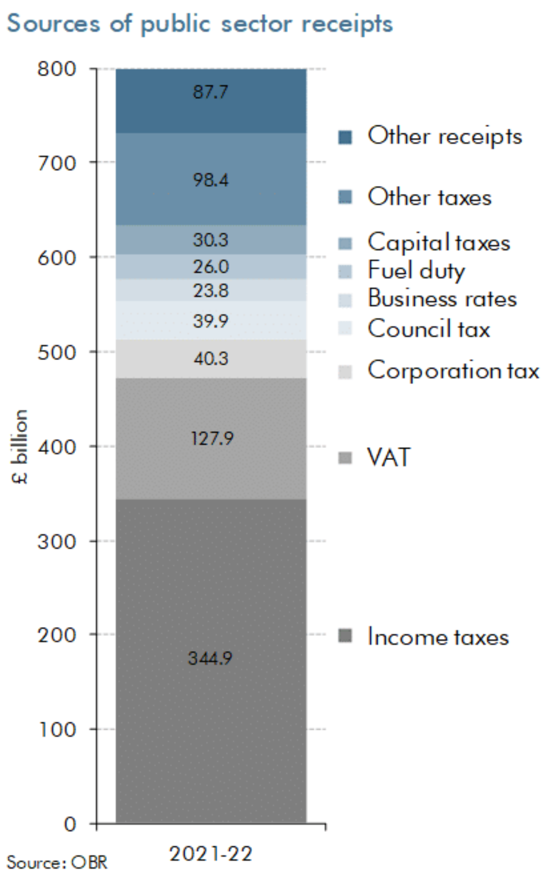

Figure 5

[27] Data compiled by author from nomisweb.co.uk and the ONS
[28] https://obr.uk/forecasts-in-depth/brief-guides-and-explainers/public-finances/

Only a small amount, relative to income tax revenue, is raised through corporation tax. As we can see in the graph below, corporation tax has been historically low.

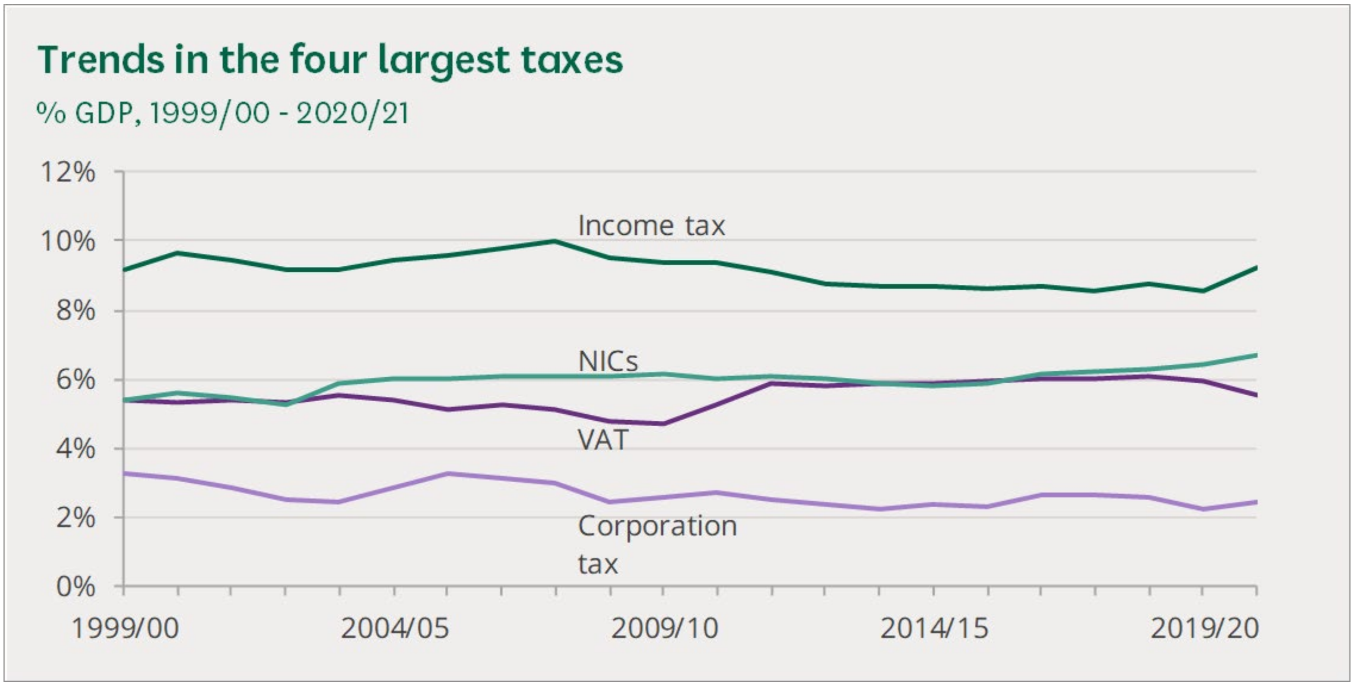

Figure 6

Also, with the news that the Chancellor is also looking to reduce the surcharge on bank profits from 8% to 5%,[29] it is clear that the government are going to rely on taxes on working people rather than the richest.

This perpetuates inequality by holding low and middle income earners back yet allowing huge levels of concentrated wealth accumulation.

It is arguably unsustainable, particularly after covid and the explosion in wealth of the richest, to continue to ignore wealth when planning a fair and just tax system.

As IPPR said in their "Just Tax" report:

> *"Two people who earn the same amount but from different sources can make very different contributions in tax (horizontal fairness). But, because those with greater incomes get more of their income from wealth, there is also a vertical equity problem: whereby people on larger incomes (where there is a mixture of different income sources, such as capital gains and dividends) can have lower average tax rate than people on lower incomes (who are more likely to just get income from work)."*[30]

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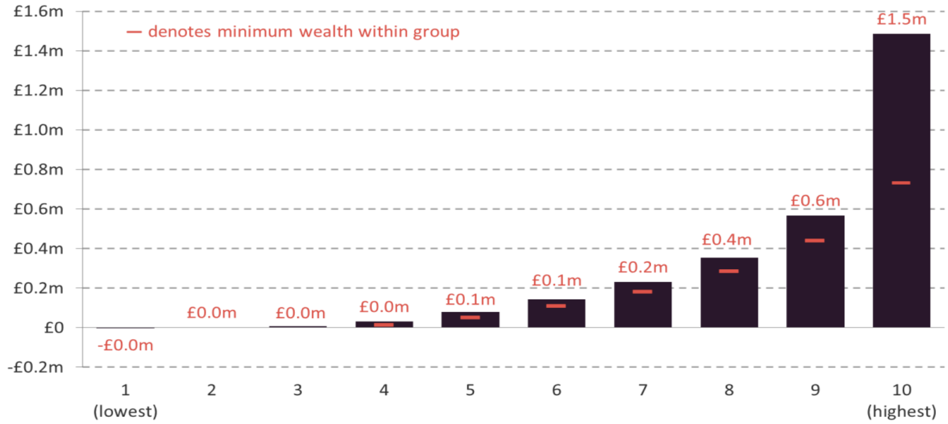
[29] https://www.ft.com/content/359dee15-5e78-4b3c-a305-55da827fbb52
[30] https://www.ippr.org/files/2019-09/just-tax-sept19.pdf

A report for the Wealth Tax Commission has stated that *"measures of wealth inequality suggest that it is twice as unequally held as income"*. Below are two graphs from the same research report which shows just how unequally held wealth is.[31]

FIGURE 3A: AVERAGE NET WEALTH PER ADULT PER FAMILY WITHIN EACH NET WEALTH DECILE: GB, 2016-2018



Notes: Wealth is measured at the family level – single or couple adults and any dependent children within a household. Total wealth includes net financial assets, net property assets, pension assets, business assets and an adjusted measure of physical wealth (including cars, home contents, collectibles, etc). Figures B2 and C1 show this graph using individuals and households as the unit of analysis, respectively. Figure D1 shows this graph using an alternative wealth definition which excludes main homes and pension wealth.
Source: ONS, Wealth and Assets Survey.

Figure 7

FIGURE 3B: AVERAGE NET WEALTH PER ADULT PER FAMILY WITHIN EACH NET WEALTH PERCENTILE FOR THE WEALTHIEST 10 PER CENT: GB, 2016-2018

Notes: Wealth is measured at the family level – single or couple adults and any dependent children within a household. Total wealth includes net financial assets, net property assets, pension assets, business assets and an adjusted measure of physical wealth (including cars, home contents, collectibles, etc). Figures B3 and C2 show this graph using individuals and households as the unit of analysis, respectively. Figure D2 shows this graph using an alternative wealth definition which excludes main homes and pension wealth.
Source: ONS, Wealth and Assets Survey.

Figure 8

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[31] https://www.wealthandpolicy.com/wp/EP1_Distribution.pdf

This wealth inequality has further grown as a result of the covid pandemic. Jack Leslie of the Resolution Foundation has stated:

> *"The Covid-19 crisis has seen a highly unusual combination of a sharp reduction in economic activity, and a sharp increase in household wealth. Many families have been forced to save rather than spend during lockdowns, while house prices have continued to soar even while working hours have plummeted..As a result, the rising wealth gaps that marked pre-pandemic Britain have been turbo-charged by the crisis".*[32]

As the IMF have said, "wealth begets wealth"[33]. This is especially true when during covid where there was an increase in wealth for the richest despite economic activity almost coming to a halt. The Wealth Tax Commission has said that "*to a large extent, wealth gains for families have accrued as a result of already holding wealth – wealth gains have been passive rather than requiring active saving."*[34]

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[32]https://www.theguardian.com/business/2021/jul/12/uk-wealth-gap-widens-in-pandemic-as-richest-get-50000-windfall

[33] https://blogs.imf.org/2020/11/30/how-the-rich-get-richer/

[34] https://www.wealthandpolicy.com/wp/EP1_Distribution.pdf

The Rich are getting Richer

Rich List

Every year the Sunday Times newspaper compiles a list of the richest people in the country. It is understandable that many people will feel uncomfortable at such a list being published when there has been so much suffering over the last year, let alone that list showing the surge in wealth of the richest few.

This year, the list detailed the wealth of 250 people (down from the 1000 people measured in previous years). The collective wealth of this elite has risen from £565.7 billion to £658.1 billion. Meaning that during the pandemic the richest got richer by increasing their wealth by 16.3% or £106.7 billion.[35] This translates to £420m each, and over £1m a day - which would take a lifetime for the average worker on £30k to earn.

Before the covid crises, the richest 1000 people increased their wealth by £538 billion since the financial crash.[36]

Presently, there are now a record 171 billionaires in the UK. Indeed, there were more new billionaires during the pandemic than at any time in the last 33 years. The figure below shows how much billionaires' wealth has increased since 2011.

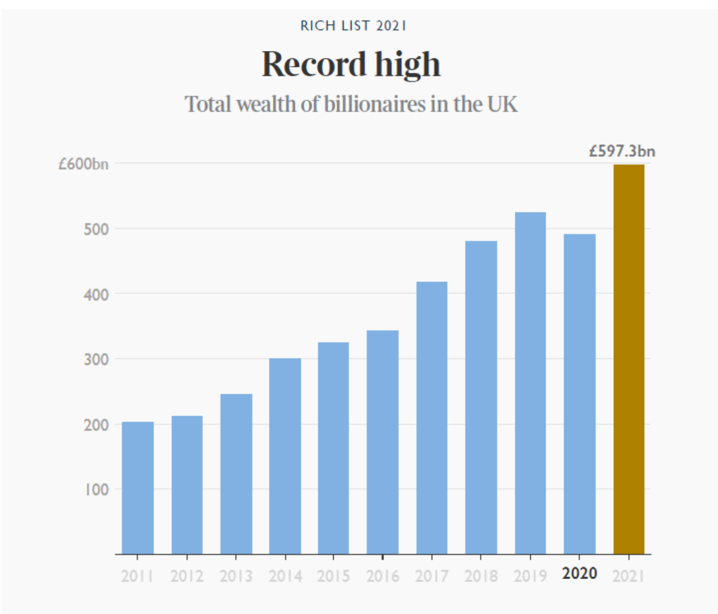

Figure 9

The sectors in which these billionaires operate are unsurprising. The top being from property, finance, hedge funds and inheritance. It could be argued that these are all forms of unearned wealth.

Other sectors also did very well in the last year. The UK pharma billionaires grew wealth by £2.5bn during the pandemic; UK Hedge Funds Rich list grew wealth by £6.2bn last year; and Richard Branson, despite begging for a bailout[37], grew his wealth by £165m.

Figure 9 below shows the full picture.

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35 https://www.thetimes.co.uk/sunday-times-rich-list

36

37 https://www.theguardian.com/commentisfree/2020/apr/21/richard-branson-bailout

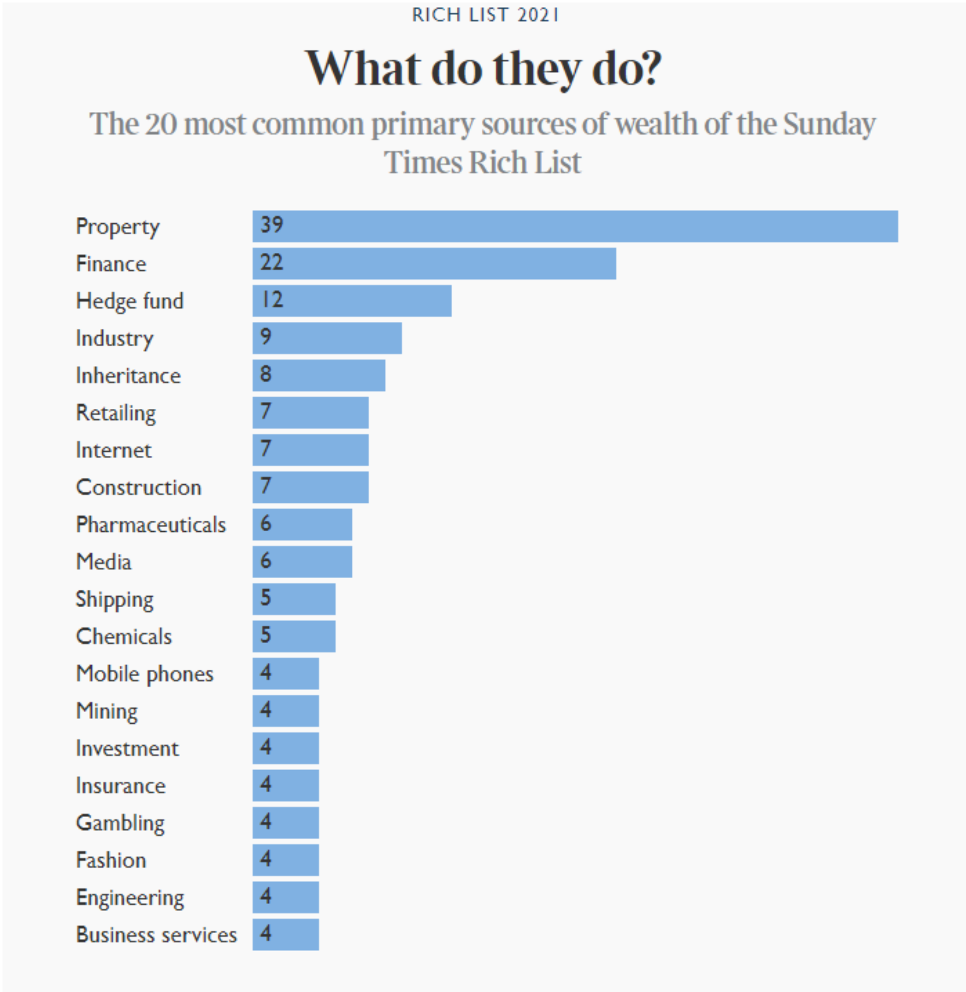

Figure 10

Aside from the rich list, there is evidence from other forms of wealth that the trend for the rich getting richer continues.

Value of London Stock Exchange

London Stock Exchange value:

- £3.067 Trillion in October 2020
- £3.674 Trillion now
- Increase of £607 billion (Statista)[38]

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[38] https://www.statista.com/statistics/324578/market-value-of-companies-on-the-london-stock-exchange/

Since October 2020 the total value of the London Stock Exchange has increased by £607billion. As of February 2021, the total market value of all companies trading on the London Stock Exchange stands at £3.67 trillion.

Dividend payments

Big multinationals paid out huge sums of money in dividend payments in 2020, including AstraZeneca who paid out £2,760 million to shareholders. The Covid -19 vaccine co-developed by Oxford University and AstraZeneca received at least £65.5 million in funding from the UK government in 2020.[39] Although AstraZeneca has committed to producing the vaccine on a "not-for-profit basis" for as long as Covid-19 is classified as a pandemic, they stand to make a huge profit in the future if the virus recedes and the vaccine becomes an annual defence against it.

Investors received around £60billion in dividend payments in 2020, some £14.7billion, or 20 per cent, less than in 2019.[40]

In 2021, dividend payments are forecast to bounce back, rising 18 per cent, or £10.9billion, to £70.8billion.[41]

The Bank of England's Prudential Regulation Authority (PRA) asked banks to suspend their 2020 dividend payouts when the pandemic hit, urging them to hold on to as much cash as possible to support the economy.[42]

But after the major banks posted better-than-expected profits in the third quarter of the year and began to lobby the PRA to let them resume their dividends, the regulator relaxed its restrictions.[43]

Instead they imposed 'temporary guardrails', limiting payouts to either 0.2 per cent of each bank's risk-weighted assets or 25 per cent of their profits for the last eight quarters, after deducting any previous payouts.[44]

The table below shows the projected largest increases to dividends for 2021.

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39 https://news.sky.com/story/covid-19-the-multi-billion-pound-business-of-the-oxford-vaccine-12134833
40 https://www.thisismoney.co.uk/money/investing/article-9050967/Which-FTSE-100-companies-paid-largest-dividends-2020-despite-cuts.html
41 Ibid
42 https://www.thisismoney.co.uk/money/markets/article-9040459/Watchdog-lifts-bank-dividends-ban-lenders-post-healthy-profits.html
43 Ibid
44 Ibid

Ten biggest forecast dividend increases in 2021

	2021 E
	Dividend increase (£ million)
HSBC	3,308
Lloyds	850
Glencore	747
BT	747
Barclays	555
NatWest Group	449
BHP Group	448
Anglo American	374
Associated British Foods	305
Persimmon	301

Source: Company accounts, Sharecast, consensus analysts' forecasts

Figure 11

Cash reserves

Despite chronically low levels of investment, total UK business cash reserves are at their highest point since 2006. According to ONS figures, by the end of 2020 UK business cash reserves stood at £909,315 million compared to £318,844 million in 2006, as shown in the table below.

UK business cash reserves, 2006 - 2020			
		£ millions	% change on quarter
2006	Q1	318,844	-
	Q2	343,124	8%
	Q3	344,519	0%
	Q4	352,341	2%
2007	Q1	362,543	3%
	Q2	382,404	5%
	Q3	373,174	-2%
	Q4	386,325	4%
2008	Q1	393,214	2%
	Q2	384,704	-2%
	Q3	377,968	-2%

	Q4	400,102	6%
2009	Q1	404,464	1%
	Q2	398,463	-1%
	Q3	406,055	2%
	Q4	409,412	1%
2010	Q1	417,843	2%
	Q2	418,315	0%
	Q3	424,401	1%
	Q4	434,985	2%
2011	Q1	431,163	-1%
	Q2	434,995	1%
	Q3	429,440	-1%
	Q4	426,716	-1%
2012	Q1	418,107	-2%
	Q2	449,162	7%
	Q3	441,728	-2%
	Q4	460,227	4%
2013	Q1	471,413	2%
	Q2	491,213	4%
	Q3	474,441	-3%
	Q4	486,438	3%
2014	Q1	500,839	3%
	Q2	510,039	2%
	Q3	507,668	0%
	Q4	525,123	3%
2015	Q1	526,203	0%
	Q2	527,089	0%
	Q3	547,769	4%
	Q4	565,696	3%
2016	Q1	574,592	2%
	Q2	600,852	5%
	Q3	611,796	2%
	Q4	637,779	4%
2017	Q1	641,356	1%
	Q2	666,880	4%
	Q3	668,473	0%
	Q4	691,770	3%
2018	Q1	674,744	-2%
	Q2	710,078	5%
	Q3	715,996	1%
	Q4	748,569	5%
2019	Q1	717,739	-4%

	Q2	731,665	2%
	Q3	739,621	1%
	Q4	745,515	1%
2020	Q1	787,225	6%
	Q2	891,029	13%
	Q3	909,315	2%

Figure 12

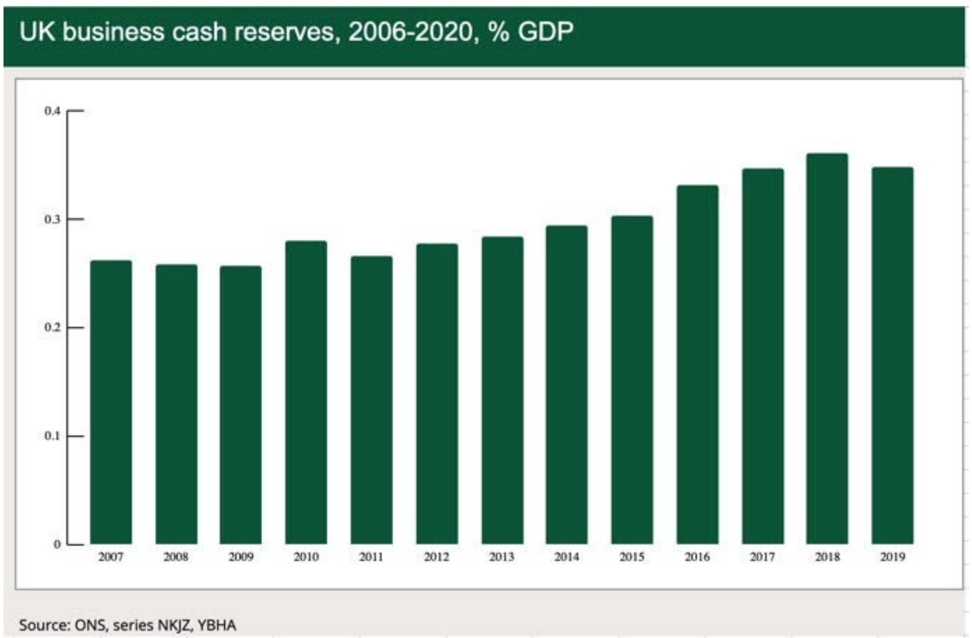

Figure 13

Of course, companies need some reserves but the fact that there are such enormous amounts of untapped resources being stockpiled means the government needs to find a way to unlock the sleeping potential. The CBI have been vocal about this need too.

Noting the amount of cash reserves listed above, CBI Chief Economist said:

> *Right now, there is a wall of investment waiting to be invested, with corporate cash reserves now over £900bn. Yet we know from our members that we can't simply expect it to be deployed in the UK. We're in a global race...If we miss this chance, we'll fall back into old patterns of chronic underinvestment and regional inequality, and risk missing our net zero target. The prize on offer leaves no room for complacency.*[45]

[45] https://www.cbi.org.uk/media-centre/articles/no-time-for-a-play-it-safe-budget-if-we-want-to-unlock-wall-of-investment-says-cbi/

OFFICE OF JON TRICKETT

One Rule for the Rich - Tax Loopholes

Some of the richest people and biggest multinational companies hide some of their wealth away from their domestic jurisdictions - sometimes legally, sometimes illegally. In their report "The Missing Billions" the Resolution Foundation found that "*nearly £800 billion of wealth held by the very wealthiest UK households is missing.*" [46]

For an ordinary worker not only is income taxed at a higher rate than wealth (more detail on this is in the chapters following) it is also more difficult - in most cases impossible - to avoid income tax. Systems such as PAYE mean that if you work for a wage or salary you are likely to be automatically taxed on your income before it even reaches your bank account. If you are self-employed or a small to medium sized business, there are rather stringent tax rules you have to follow in order to avoid a penalty. Remember you are 23 times more likely to be prosecuted for benefit fraud in the UK, than tax fraud.[47]

Yet, big companies and wealthy individuals can pay to hide their wealth. Through expensive accountants they can buy access to experts, many of whom know the tax loopholes because they have worked in Whitehall and taken that expertise to a big accountancy firm in a system called the revolving door. Or they can use holding companies to place their wealth and assets in tax havens in order to shift their profits to low or no tax jurisdictions. It has been estimated that multinationals move around US $600 billion to $1,100 billion a year in profits in this way.[48]

This is not new, as Tony Blair said in his 1994 conference speech:

> *If you ever want to know whose side the Tories are on, look at the tax system. Millionaires with the right accountant pay nothing, whilst pensioners pay VAT on fuel. Offshore trusts get tax relief, while homeowners pay VAT on insurance premiums. Middle-income taxpayers get stung, whilst perks and privileges at the top roll on unstopped. And because the government changed the rules, two million more people now pay the top rate of tax. We will create a tax system that is fair, which is related to ability to pay, where the abuses end, the perks stop and where ordinary families are not squeezed to pay for the privileged.*[49]

But it appears the abuses have gotten worse and perhaps that is because the richest think they can get away with it.

In 2020, the UK lost a total of $39.6 billion in tax: $10.3 billion due to tax avoidance; and $29.3 billion due to tax evasion. That is the equivalent of 18.7% of our health spend; 25.2% of our

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46 https://www.resolutionfoundation.org/publications/the-missing-billions/
47 https://www.taxwatchuk.org/tax_crime_vs_benefits_crime/
48 https://www.theguardian.com/business/2020/nov/20/427bn-a-year-lost-to-tax-abuse-by-firms-and-rich-individuals-study-finds
49 http://www.britishpoliticalspeech.org/speech-archive.htm?speech=200

education spend; and the equivalent of paying for nearly a million new nurses a year.[50] Per head of population, it is a total loss of $606 a year [51] or $3,030 in an average parliament.

The UK is also one of the biggest enablers of tax abuse globally. The Tax Justice Network estimate that:

> *"the UK spider's web, along with the Netherlands, Luxembourg and Switzerland together to be responsible for half of the world's corporate tax abuse risks as measured by the [Tax Haven] index in 2019. This earned the group the name "axis of tax avoidance". Over $656 billion in profit is shifted into the axis of tax avoidance by corporations every year, costing the world nearly $117 billion in tax lost to corporate tax abuse."*[52]

It is estimated that the UK alone is responsible for $13.7 billion of tax loss inflicted on other countries. This means the UK is responsible for 558% of tax lost globally to corporate tax abuse - the second worst in Europe. Globally, only the Netherlands, China, Hong Kong and the Cayman Islands are responsible for higher shares of tax loss.

However, if Crown Dependencies and British Overseas Territories are included, the total harm inflicted through tax abuse amounts to $160 billion a year.[53]

What is clear therefore is that the UK is not only part of a global system of tax abuse, but also central to it.

Hiding Wealth and Avoiding Tax

Offshoring

Prior to the recent Pandora Papers leak, and other leaks such as the Paradise Papers, the full nature and extent of the richest people in the world offshoring their wealth was opaque. Apart from excellent reports from organisations such as Tax Justice UK and data from the Office of National Statistics, there has historically been very little publicly available, accessible, data on offshoring wealth.

As noted in the Financial Secrecy Index 2020, the UK is the 12th most financially secret jurisdiction. A British Overseas Territory, the Cayman Islands, is the worst.[54]

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[50] https://taxjustice.net/wp-content/uploads/2020/11/SOTJ_2020_country_data.xlsx
[51] ibid
[52] P16 https://taxjustice.net/wp-content/uploads/2020/11/The_State_of_Tax_Justice_2020_ENGLISH.pdf
[53] Compiled by author from this this data set: https://taxjustice.net/wp-content/uploads/2020/11/SOTJ_2020_country_data.xlsx see appendix for detailed breakdown
[54] https://fsi.taxjustice.net/PDF/FSI-Rankings.pdf

The Tax Justice Network's "The State of Tax Justice 2020"[55], however, compiled and analysed data from the OECD on tax avoidance, evasion and use of loopholes. Its findings were staggering. The report showed that multinational companies' tax abuse and individual tax avoidance costs countries $427bn a year in lost revenues.

Others have put that estimate much higher, with the IMF writing that some studies show that:

> "*Individuals have stashed $8.7 trillion in tax havens, estimates Gabriel Zucman (2017), an economist at the University of California at Berkeley. Economist and lawyer James S. Henry's (2016) more comprehensive estimates yield an astonishing total of up to $36 trillion".*[56]

Alex Cobham, the chief executive of the Tax Justice Network, said:

> *"A global tax system that loses over $427bn a year is not a broken system, it's a system programmed to fail. Under pressure from corporate giants and tax-haven powers like the Netherlands and the UK's network, our governments have programmed the global tax system to prioritise the desires of the wealthiest corporations and individuals over the needs of everybody else….The pandemic has exposed the grave cost of turning tax policy into a tool for indulging tax abusers instead of for protecting people's wellbeing."*[57]

Before looking at the detailed picture here in the UK, it is crucial to note the severe consequences for the British people of this scale of tax abuse by the richest. The report states:

> *Corporate tax abuse by multinational corporations deprives governments of tax revenues, privileges large multinational corporations over small and medium-sized ones, and increases inequality between and within countries...beyond undermining governments' capacity to address structural inequality and fulfil their human rights obligations, years of corporate tax abuse have left health and public services underfunded and underprepared to tackle the coronavirus pandemic, imposing disproportionate consequences on marginalised groups and lower income countries.*

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[55] https://taxjustice.net/wp-content/uploads/2020/11/The_State_of_Tax_Justice_2020_ENGLISH.pdf
[56] https://www.imf.org/external/pubs/ft/fandd/2019/09/tackling-global-tax-havens-shaxon.htm
[57] https://www.theguardian.com/business/2020/nov/20/427bn-a-year-lost-to-tax-abuse-by-firms-and-rich-individuals-study-finds

Property

In 2019 Global Witness released research which:

> *"indicated that around 87,000 properties in England and Wales were owned by anonymous companies registered in tax havens. It said that 40% of the anonymously owned properties identified were in London and that the total value of the properties was likely to be more than 100 billion pounds ($135 billion). Popular areas were said to include the boroughs of Westminster, where the U.K. Parliament is located, Camden, and Kensington and Chelsea."*[58]

The Pandora Papers revealed the details of some of the richest and most powerful people's tax arrangements in relation to property. The Papers revealed that £3 billion of property is held anonymously in the UK. The below list is reproduced from BBC reports:

Tony and Cherie Blair[59]

- Reportedly saved hundreds of thousands of pounds in property taxes when acquiring a London office building from an offshore company partially owned by a prominent Bahraini minister.
- Allegedly the Blairs acquired the property's holding company – not the building directly – meaning they did not have to pay about £312,000 in stamp duty.
- The Blairs deny wrongdoing.

Qatar ruling family[60]

- Reportedly bought two of the UK's most expensive houses in a deal that allowed them to avoid £18.5m in stamp duty.

Tina Green (wife of Phillip)[61]

- At the same time as BHS collapsed, Tina Green reportedly purchased four exclusive London properties worth a staggering £37.5 million using offshore companies set up in the British Virgin Islands.

What is clear is that tax avoidance through offshoring, property, etc needs to be stopped. No longer should we allow this rigged system to go on operating in a way that only serves the very richest in society. Everyone else must pay their tax, why shouldn't the wealthy?

Although taxing wealth is a very popular policy, there is deep concern that the rich will be able to do what they always do and use clever accountants to avoid tax. A simple google of "how to

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[58] https://apnews.com/article/business-london-europe-media-f91432c785e4e06a8fb2c7370d4ca63d
[59] https://www.bbc.co.uk/news/uk-58780559
[60] https://www.bbc.co.uk/news/world-58796553
[61] https://www.bbc.co.uk/news/topics/ckml857490zt/pandora-papers

avoid capital gains tax" will result in thousands of hits, mainly from sites that give advice on how to avoid tax.

Of course, tax avoidance is not illegal at present, but in order to put a stop to it, the law needs to change.

There are many challenges to make sure the wealthy cannot make use of tax loopholes.

Firstly, it is difficult to tackle foreign holdings of wealth when many tax havens are notorious for being less than forthcoming about exchanging tax information. We must remember many of these jurisdictions rely on rich foreigners having holdings in their country.

Even if the UK did develop a "black list" of tax havens we would have to ensure that all havens were tackled and no new ones emerged. On criticism of the EU's "List of Non-cooperative Tax Jurisdictions" is that it fails to include a number of high-profile tax havens, including the Cayman Islands. Oxfam has done great work calling for more countries to be included on the list.[62]

Then there is the issue of enforcement. For example, even after being told to remove themselves from tax havens, three water companies in the UK were still found to be operating subsidiaries in them.[63]

Cuts to HMRC

Also, the cuts to HMRC have had a huge impact. Under the Tory Government's austerity agenda HMRC had to make 25% of cuts and last year it was found that it had 5,000 fewer full-time staff than it had in 2011.[64] The government also closed over 400 tax offices[65]

The PCS Union also found that due to the number of redundancies and departures from HMRC, the organisation "has lost 17,000 years' worth of experience in the last year alone as a result of the office closures."[66]

With covid also putting a strain on HMRC, there has been a 50% reduction in the launch of new tax probes by more than 50% since the start of the crisis.[67]

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62 https://web.archive.org/web/20171128011129/https://www.oxfam.org/en/pressroom/pressreleases/2017-11-27/effective-eu-tax-haven-blacklist-must-include-least-35-countries
63 https://www.ft.com/content/cb794b64-3454-4328-986e-d93a397ce96f
64 https://www.opendemocracy.net/en/opendemocracyuk/no-prosecutions-for-furlough-fraud-despite-30000-allegations/
65 https://www.gov.uk/government/news/hmrc-announces-next-step-in-its-ten-year-modernisation-programme-to-become-a-tax-authority-fit-for-the-future
66 https://www.civilserviceworld.com/professions/article/hmrc-has-lost-17000-years-of-experience-due-to-reform-programme-claims-pcs
67 https://www.internationalinvestment.net/news/4022859/hmrc-cuts-tax-probes-focuses-pandemic

There also needs to be better accounting for wealth, including accurate valuation, by ensuring rich individuals and companies declare all their wealth, including wealth held overseas.

How Wealth Wields Power

Of course, there is an economic argument for taxing wealth. As a result of Covid, and after a global crash in 2008, the effects of which we are still feeling, the country needs to rebuild economically. Interconnected to this is the fact that those with the broadest shoulders are not paying their fair share into the British economy.

However, as we have seen in the previous chapter there is a more insidious side to the accumulation of vast wealth. That is the power that goes with it, and how it is wielded.

A small political elite, detached from the majority of people, has accelerated a massive transfer of wealth and power from the bottom to the top, which has been underway over the last forty years.

They have been assisted in this by corporate power, which through a medley of institutions and pressure points - donations, lobbying and supposedly impartial accountancy firms - has captured almost every level of policy making, ensuring its voice is heard above all others and opposition is drowned out.

This is what we call corporate capture.

In addition, an oligarchic media that has strangled informed public debate and pedalled without criticism the belief that 'there is no alternative'.[68]

Privatisation, centralisation and the progressive shrinkage of democratic rights and processes have combined to give effect to this deliberate shift.

Think tanks, such as the Mont Pelerin Society, laid the framework for the marketisation of state institutions. They invested in ideas. Their focus was on the state. Not to make it smaller, as the Tories try to sell it, but to make it bigger and more centralised. In fact, even under Thatcher, the supposed architect of neo-liberalism in practice, public spending did not fall and she actually ran deficits in most years.

As Costas Lapavistas said:

> *"The state never went away, it is fundamental to capitalism. It is pivotal to how capitalism develops, and what it does is intervene to promote globalisation and financialisation. Neither would be possible without the active role of powerful state mechanisms."*[69]

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[68] For a more detailed look at the role of media in perpetuating the power and influence of the wealthiest, read The Return of the Public Democracy, Power and the Case for Media Reform by Dan Hind

[69] https://www.redpepper.org.uk/costas-lapavitsas-socialism-starts-at-home/

This is because the state was seen as essential to uphold the market and enforce its rules on the populus. Milton Friedman and Hayek both acknowledged the need for a state to enable and enforce market rules.

Costas Lapavistsas, in “The Left Case Against the EU” said: *“Neoliberalism as actual policy, rather than as ideology, has relied heavily on the state to alter the institutional structure of both the economy and society in favour of markets”.*

Some go as far as saying that neoliberalism can only survive with a strong authoritarian state precisely because of neoliberalism’s internal contradictions. As some have argued: *“the economic tribulations of neoliberalism have been compounded by an escalating crisis of democracy and a drift towards authoritarian forms of rule in a growing number of countries.”*[70]

And so we have seen an intensification of not only state intervention in the economy, but also capture and influence of the state by the wealthiest. ‘The hidden hand of the market will never work without a hidden fist’ as Thomas Friedman said.

That hidden fist hasn’t simply been about using the force of the state, rather the government has used much more insidious methods: the dismantling of popular sovereignty and attacks on the democratic sphere through the corporate capture of state institutions.

Corporate Lobbying

Corporate lobbying is a key mechanism by which the interests of big business remain dominant within politics, influencing government strategy, policy and outcomes. Lobbying takes many forms and must be understood as:

A. a tactic in processes of opinion-formation, as well as a tactic to directly influence decision-making, and;

B. One of many interlinked processes that enable big business to influence politics

Correspondingly, as a consequence of its domination by big-business, lobbying limits the space in which civil society can exert influence. This has especially been the case since the Tory government passed The Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 which limited the campaigning activities of charities and other organisations[71] whilst allowing corporate lobbying to continue almost unchecked.

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[70] https://socialistregister.com/index.php/srv/article/view/30951
[71] https://www.bond.org.uk/news/2018/06/6-ways-the-lobbying-act-restricts-campaigning-and-undermines-democracy

Only 1% of lobbyists are actually caught by the legislation[72] and therefore have to register with the Registrar of Consultant Lobbyists. At the time of writing only 196 consultant lobbyists were on the Register.

The proliferation and effectiveness of lobbying has facilitated a 'colonisation of politics', as argued by the High Pay Centre and as widely supported within the academic literature.[73] They argue that:

> *"the proposition is not that corporations 'lobby' or indirectly influence government, it is rather that they have 'acquired' government, almost as a monopolistic corporation acquires a competitor".*[74]

Though slightly hyperbolic, the central point remains true: that corporate interests have penetrated the state and government at almost every level, ensuring that intellectual frameworks and policy-making reflect their interests, which often clash with those of the wider public. One could argue that because of this the 'relative autonomy' of the state has been diminished.

The process of 'corporate colonisation' has also been referred to as 'corporate capture,' especially in the context of lobbying. This concept has been developed in detail by The Alliance for Lobbying Transparency and Ethics Regulations (ALTER-EU), among others.[75]

The list of lobbying scandals in the last 11 years is far too long to list here, instead a compilation of scandals has been listed in the appendix.[76] There is one recent scandal that exemplifies just how morally corrupt corporate lobbying can be, and that is the case of former Prime Minister David Cameron and Greensill Capital.

Before he became Prime Minister, David Cameron made big promises on lobbying and cleaning up politics. In a speech to the University of East London in February 2010 he said of lobbying:

> *"We all know how it works. The lunches, the hospitality, the quiet word in your ear, the ex-ministers and ex-advisers for hire, helping big business find the right way to get its way. In this party, we believe in competition, not cronyism."*

Fast forward 11 years and the same man is embroiled in a lobbying scandal in which he informally texted Chancellor Rishi Sunak and phoned other Treasury Ministers about possible

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[72] https://core.ac.uk/download/pdf/288371391.pdf
[73] http://highpaycentre.org/files/FINAL_REVOLVING_DOOR.pdf
[74] Ibid.
[75] https://www.alter-eu.org/sites/default/files/documents/corporate_capture_web_1.pdf
For Jon Trickett MP on corporate capture see: https://www.opendemocracy.net/en/opendemocracyuk/our-democracy-isn-t-working-it-s-time-to-fight-for-it/ and https://www.yorkshirepost.co.uk/news/opinion/jon-trickett-people-power-why-labour-will-deliver-one-yorkshire-1-9410070
[76] Appendix

government-backed loans for failing Greensill Capital. Cameron also took Greensill to have a private drink with then-Health Secretary Matt Hancock and lobbied aides on their behalf.[77]

Apart from the delicious irony of this lobbying scandal, it is also clear that the system through which undue influence occurs is rotten to the core.

A more pertinent example in the context of tax justice is from a study into lobbying in the US. The study specifically investigated the influence of tax policy and found that the more a company spends on lobbying in the US, the lower their tax burden is:

> *"Firms that spend more on lobbying in a given year pay lower effective tax rates in the next year. Increasing registered lobbying expenditures by 1% appears to lower effective tax rates by somewhere in the range of 0.5 to 1.6 percentage points for the average firm that lobbies."*[78]

Directly challenging corporate capture will require focus on lobbying, but only as part of a holistic approach that understands the multiple ways in which corporate influence over government is exercised.

The Revolving Door

A civil servant in the Ministry of Defence can one day procure a contract from a defence company and then go to work for that same company shortly afterwards with little fear of being challenged. Or a tax specialist in HMRC (HM Revenues and Customs) can go to work for a private company who engage in tax avoidance schemes and advise on tax rules. It is the same for Ministers, army personnel and public appointees.

Transparency UK found that 80% of the public believe that the use of the revolving door, i.e. a public official taking a job with a company that s/he was previously responsible for regulating, is a possible example of corruption[79]

The body that is meant to stop Ministers and Public Servants from feathering their own nests while they are in public office is called ACOBA – the Advisory Committee on Public Appointments. It has never refused an application. Indeed, it's so toothless that George Osborne didn't even apply to ACOBA before taking a job at the Evening Standard.

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[77] https://www.theguardian.com/business/2021/apr/14/what-is-greensill-lobbying-scandal-who-involved
[78] https://onlinelibrary.wiley.com/doi/epdf/10.1111/j.1540-5907.2009.00407.x
[79] https://www.transparency.org.uk/sites/default/files/pdf/publications/Corruption_in_the_UK-_Part_One_-_National_Opinion_Survey.pdf

Party Donations

Big money dominates politics, and its asymmetry of influence has had disastrous effects on the health of our democracy. People are turned off by politics. They have become alienated and have lost confidence in the democratic process.

The Electoral Reform Society found that[80]:

- 75% of the public believe big donors have too much influence on political parties
- 65% believe that party donors can effectively buy honours
- 61% believe that the system of party funding is corrupt and should be changed

Big money buying influence erodes public trust and ultimately can lead to non-participation in the political sphere - the charge "they are all the same" when it comes to political parties is often the response from people. However, this is a beneficial side effect for corporate capture and influence because it reduces the chances of a party which doesn't have the wealthiest people's interests in mind, being elected to power. We only need to look to the 2017 general election where the ruling class, media establishment and big corporations became very worried that a Labour Party led by Jeremy Corbyn could implement policies contrary to the interests of big money.

At present, there are many ways in which big money is influential within political parties, particularly within the Tory Party. They have the so-called "One Million Pound Club" of which the BBC has said: *"To make the top ten donors to the Conservative Party since Boris Johnson became prime minister, you need to have stumped up a seven-figure sum."*[81] Below is the list of top ten donors to the Tory Party[82]. To be clear, no wrongdoing is alleged to have been done.

Donor	Amount donating since Boris Johnson became PM	Nature of Business	Rich List position 2021	Total wealth	Increased wealth since 2020
JC Bamford Excavators Ltd	£2,554,734	Construction equipment	38 (Lord Bamford and family)	£4.595 billion	-£105 million
Malcolm S Healey	£2 million	Property and kitchens	75 (with brother Eddie)	£2.2 billion	£200 million
Bridgemere UK PLC	£1,312,500	Property Development/ construction	185 (Director of Bridgemere, Steve Morgan)	£130 million	£130 million
John Gore	£1,280,854	Entertainment	101	£1.570 billion	£79 million

[80] https://www.electoral-reform.org.uk/wp-content/uploads/2017/06/Deal-or-no-deal-Party-Funding.pdf
[81] https://www.bbc.co.uk/news/uk-politics-58721596
[82] Data compiled from Electoral Commission and the Sunday Times Rich List 2021

IPGL Ltd	£1,239,862	Finance	138 (Lord Spencer who is majority shareholder and chairperson)	£1.2 billion	£100 million
Peter Cruddas	£1,168,754	Finance	127 (with his wife Lady Cruddas)	£1.321 billion	£698 million
Countywide Developments Ltd	£1,075,605	Property	157 (Tony Gallagher, owner)	£1.1 billion	£50 million
Peter K Hargreaves	£1 million	Finance	69	£2.41 billion	£10 million
Sir Peter Wood	£1 million	Insurance	198	£815 million	£25 million
Jonathan Wood	£1 million	Hedge Funds	N/A	N/A	N/A
Total	**£13.628 million**			**£15.34 billion**	**£1.187 billion (net)**

A total of £13.628 million has been given to the Tory Party since Boris became Prime Minister from these 10 donors. It's a staggering amount. And whilst millions of people have been struggling with the economic effects of covid, the cut in universal credit, rising prices particularly in energy and a hike in national insurance, the 10 biggest donors have actually increased their collective wealth by £1.187 billion.

In a BBC expose, one donor who had given the Party £280,000 spoke of what he gains from such financial influence. Alistair Locke said:

> *"I can get access via the Leaders Group. It is usually senior ministers and 15 or 20 people. Sometimes in person. Sometimes on Zoom. The last thing I attended was a lunch with Michael Gove in July. It was all donors who were there."*[83]

Pandora Papers

Considering the recent Pandora Papers leak, donors to the Tory Party have once again come into the spotlight.

The Pandora Papers reveal the details of the vast wealth of the richest people in the world and the cunning ways they hide their assets. Amongst the Papers are details of the activities of some major Tory donors. Although we don't yet know the full content of this mass leak, some data has been revealed.

The Papers revealed that Mohamed Amersi, who donated to Boris Johnson's leadership campaign and donated "more than £750,000"[84] to the Tory Party since 2018, advised on a

[83] https://www.bbc.co.uk/news/uk-politics-58721596
[84] https://www.theguardian.com/news/2021/oct/04/major-tory-donor-advised-on-uzbekistan-deal-later-found-to-be-bribe-mohamed-amersi

telecoms deal which was found to be a £162 million bribe to "the powerful first daughter of Uzbekistan's authoritarian ruler, Islam Karimov."[85]

In July 2021, Amersi was embroiled in the "access capitalism" scandal. The nephew of the Duchess of Cornwall, and Co-Chair of the Tory Party, Ben Elliot *"created a club [called Quintessentially] for some of the party's most generous donors, some of whom gave £250,000 a year or more. The members are reported to have regular access to the prime minister and Rishi Sunak."*[86]

Amersi was one of the elite members who got access to people like Prince Charles. He later said of the scheme: *"You call it pay-to-play, I call it access capitalism. It's the same point. You get access, you get invitations, you get privileged relationships, if you are part of the set-up, and where you are financially making a contribution to be a part of that set up."*[87]

Then there is Lubov Chernukhin, whose husband was once Putin's Finance Minister, who, the Papers reveal, has been using "a vast network of offshore companies" to fund her and her husband's lifestyle. She has donated £2.1 million to the Tory Party since 2012.[88]

Next is Russian-born oil tycoon Viktor Fedatov whose company, Aquind, has donated over £1.1 million to the Tories. Eyebrows were raised when this donation was given "*while seeking ministerial approval for a £1.2bn energy infrastructure project, the building of an underwater power cable running from Portsmouth to France."*[89] The Papers now reveal that he *"secretly co-owned a company once accused of participating in a massive corruption scheme"*[90]

Dark Money

The Tories have also accepted £2.6 million in donations from "shadowy" donors since Boris Johnson became Prime Minister. Using unincorporated associations, some Tory Party donors have been able to keep themselves anonymous. It is reported that £800,000 of donations have been made in this way directly to so-called "red wall" Tory MPs.[91]

Unincorporated associations come in many forms, such as the primate members' club, the Carlton Club, which has:

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[85] https://www.theguardian.com/news/2021/oct/04/major-tory-donor-advised-on-uzbekistan-deal-later-found-to-be-bribe-mohamed-amersi
[86] https://www.theguardian.com/politics/2021/aug/01/labour-calls-on-tories-to-reveal-which-ministers-met-elite-donors-club
[87] https://www.thetimes.co.uk/article/access-capitalism-scandal-a-dinner-with-prince-charles-then-the-begging-letter-arrived-kngk0xqfk
[88] https://www.theguardian.com/news/2021/oct/04/tory-party-top-female-donor-lubov-chernukhin-vast-offshore-empire-husband
[89] https://www.thebureauinvestigates.com/stories/2021-01-12/owner-of-tory-donor-company-chaired-firm-linked-to-russian-corruption-allegations
[90] https://www.theguardian.com/news/2021/oct/04/russian-tycoons-link-to-alleged-corruption-in-leaked-files-raises-questions-for-tory-ministers
[91] https://www.opendemocracy.net/en/dark-money-investigations/tories-have-accepted-26m-from-shadowy-donors-since-boris-johnson-became-pm/

"Since lockdown last year...made donations of £2,500 each to several Tory MPs in Red Wall constituencies in the north of England and the Midlands. These included donations to MPs and associations in Birmingham Northfield, North East Derbyshire, Stoke-on-Trent, West Bromwich East, and Wolverhampton North East."[92]

Then there is the United and Cecil Club which is a "secretive dining club", which is hosted by the Carlton Club which donates to the Tory Party, again with the real donor(s) identities remaining anonymous.[93]

Property donors

In July 2021 it was reported that a quarter of all Tory funding came from property donors.[94] Analysis from the Financial Times found that

"at least £17.9m has been given to the Conservative party from property sector donors since July 24, 2019 — when Johnson entered Downing Street. The analysis includes all company donors and those who have given over £100,000 but excludes hundreds of individuals who gave smaller amounts, meaning the true figure could be higher."[95]

The lack of action over the ongoing housing crisis and proposals to loosen planning laws is perhaps unsurprising to most people, given the fact that the Tory Party is being bankrolled by vested interests.

Indeed, the Chief Executive of Transparency International said:

"It is clear that the current party of government increasingly relies on a relatively small number of wealthy backers often with substantial interests in the property market. This unhealthy dependence . . . increases the risk of policy becoming captured — putting the interests of donors ahead of the public."[96]

Outsourcing

Since 2010, there has been an explosion in outsourcing. According to TUC research, private outsourcing firms receive £3,500 per household through tax for public services.[97] In September 2021, the Centre for Social Justice stated that:

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[92] https://www.opendemocracy.net/en/dark-money-investigations/tories-have-accepted-26m-from-shadowy-donors-since-boris-johnson-became-pm/
[93] ibid
[94] https://www.ft.com/content/c5737fbb-2893-4a5a-be5e-965785f1a37b
[95] ibid
[96] ibid
[97] https://www.tuc.org.uk/news/private-outsourcing-firms-get-%C2%A33500-household-services-%E2%80%93-tuc-analysis

> *"The UK government spends around one-third of all its annual expenditure on contracts to private companies. This normally falls in the region of £290 billion per year. For context, that is more than twice the total annual."*

In response to the Covid pandemic, spending on outsourcing has seen another boom - it has been reported that the UK government's spending on covid contracts is larger than the GDP of 140 countries[98]. But in many cases, there have been questions raised over the processes by which such contracts have been let, and to whom they have been let.

So, who is actually benefiting from outsourcing in this way? Clearly not the taxpayer or service user. It has been stated that *"Whole organisations have achieved remarkable penetration within Whitehall during the pandemic, often under the cloak of secrecy."*[99]

Although a whole report could be written dedicated to outsourcing under the pandemic, there isn't space to do so here. Instead, there are two areas which exemplify the so-called "cronyism" or "chumocracy" of the government's outsourcing and procurement strategy: spending on PPE; and Test and Trace.

PPE

In November 2020, The Times ran with the following headline: "Chumocracy first in line as ministers splash Covid cash: Transparency rules have been cast aside by ministers in their coronavirus panic. The result? Privileged access for friendly lobbyists and £1.5bn of contracts to Tory-linked companies".[100]

This was followed a month later by the New York Times who ran with: *"Waste, Negligence and Cronyism: Inside Britain's Pandemic Spending: In the desperate scramble for protective gear and other equipment, politically connected companies reaped billions."*[101]

According to the National Audit Office 80% of contracts awarded during the pandemic were for PPE. This totalled over 6,900 contracts were awarded for PPE, with a total value of £12.3 billion."[102]

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[98] https://bylinetimes.com/2021/07/12/uk-outsourcing-covid-response-has-cost-more-than-the-gdp-of-140-countries/
[99] https://www.thetimes.co.uk/article/chumocracy-first-in-line-as-ministers-splash-covid-cash-7wb5b8q0w
[100] https://www.thetimes.co.uk/article/chumocracy-first-in-line-as-ministers-splash-covid-cash-7wb5b8q0w
[101] https://www.nytimes.com/interactive/2020/12/17/world/europe/britain-covid-contracts.html
[102] https://www.nao.org.uk/wp-content/uploads/2020/11/Investigation-into-government-procurement-during-the-COVID-19-pandemic-Summary.pdf

It was reported that £1.5 billion of contracts were let to companies with links to the Tory Party[103]. Contracts to Tory friends and donors were reportedly "fast-tracked" and failed to undergo the usual transparency processes[104].

Open Democracy summed it up neatly:

> *Around 10% of the suppliers referred to the channel by a political contact were awarded a PPE contract, the NAO reported. Suppliers without such links, by contrast, had only a 1% chance of winning a contract….[the] special channel set up allowed almost 500 suppliers with links to politicians or senior officials to pitch directly for work."*

Indeed, the National Audit Office found that £10.5 billion was awarded directly without any competition, and that some contracts were actually awarded retrospectively after work was carried out.[105]

Jo Maugham QC, director of the Good Law Project stated that:

> *"The way government chose to place these contracts threw open the doors to the politically well connected. And boy, did they take advantage. While tens of thousands of families mourn loved ones, in the Carlton Club the lucky few will be toasting the Government with vintage champagne, paid for with our money."*[106]

Examples of this "chumocracy" include a Tory councillor who received a PPE contract to supply face shields worth £120 million.[107] The same man was then awarded a further £156 million to provide gowns and masks and used the proceeds to buy a £1.5 million Cotswold mansion.[108]

Then there was former Tory candidate and donor Samir Jassa whose role in a £100 million government PPE deal was uncovered after an admin error leaked his details.[109]

Test and Trace

A staggering £37 billion of taxpayers' money was spent on the government's Test and Trace programme which has been mired in scandal and failure since its very beginning.

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[103] https://www.mirror.co.uk/news/politics/fury-over-1billion-coronavirus-deals-22885550
[104] https://www.thetimes.co.uk/article/political-cronies-given-fast-track-to-ppe-contracts-worth-billions-r7jmtxhfm
[105] https://www.nao.org.uk/press-release/investigation-into-government-procurement-during-the-covid-19-pandemic/
[106] https://www.mirror.co.uk/news/politics/fury-over-1billion-coronavirus-deals-22885550
[107] https://www.bbc.co.uk/news/uk-politics-53361167
[108] https://www.thetimes.co.uk/article/tory-steve-dechans-276m-in-ppe-contracts-lands-him-a-place-in-the-country-zgbmmtn8q
[109] https://www.bbc.co.uk/news/uk-56667960

Firstly, the Public Accounts Committee found that there was "no clear evidence" that the money spent on test and trace actually reduced covid infection rates.[110]

The person appointed by then Health Secretary Matt Hancock to head the test and trace programme was Tory Peer Baroness Harding, who also happened to be the wife of a Conservative MP and friend of former Prime Minister David Cameron.

Lord Falconer hit the nail on the head by stating:

> *"It is such a corruption of our constitution to make a Tory backbencher in parliament a senior civil servant without any process and without even requiring the most basic rules of political impartiality. It is hardly surprising that our track and trace system is going so wrong if your talent pool is restricted to Tory backbenchers in parliament."*[111]

In January 2021, it was reported that the Test and Trace programme had spent *"more than £375m on private consultancy services for Test and Trace since the start of the pandemic — the equivalent of £163,000 per consultant."*[112]

Then there were the Tory donors Randox Laboratories (a firm advised by Tory MP Owen Paterson) who were awarded a £133m Covid-19 testing contract unopposed. Subsequently, the Department of Health and Social Care ordered 750,000 of the test kits be withdrawn due to safety issues.[113]

Serco were awarded four contracts under the test and trace programme, which were so lucrative the company increased its profits forecast by £15 million as a result.[114] Health minister Edward Argar was previously a senior executive at Serco. The firm's CEO, Rupert Soames, is the brother of Tory ex-MP Sir Nicholas and his wife Camilla gave the Tories £4,995 last year.[115]

How and Why has Corporate Capture Been Allowed to Happen?

Firstly, we have an over-centralised state, weighed down by tradition and by an archaic British Establishment. Decisions have increasingly been made by a small elite based in Westminster

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110 https://committees.parliament.uk/publications/4976/documents/50058/default/
111 https://www.theguardian.com/politics/2020/sep/20/dido-harding-appointment-corrupting-our-constitution-lord-falconer
112 https://www.cityam.com/dido-harding-defends-1000-a-day-consultants-for-test-and-trace/
113 https://www.theguardian.com/world/2020/may/11/healthcare-firm-advised-by-owen-paterson-won-133m-coronavirus-testing-contract-unopposed
114 https://www.theguardian.com/business/2021/jun/14/serco-upgrades-profit-forecast-as-covid-test-and-trace-work-soars
115 https://www.mirror.co.uk/news/politics/fury-over-1billion-coronavirus-deals-22885550

and the City of London. Even on the left post-war Morrisonian top-down structures are defended. In fact, we are one of the most centralised states in the world. As a result, the British state has been ripe for picking by a global corporate elite.

Secondly, we have had 30 years of governments willing to further the interests of this elite and cede power to them. Often, ministers and MPs have actually been drawn from big business or lobbying backgrounds. Equally, the increase in the number of technocratic career politicians has left many practices such as the revolving door, lobbying and consultancy, unchallenged.

Thirdly, social democrats left behind their traditional working-class base and instead created a “third way” whereby an attempt was made to reconcile capitalism and inequality. However, the voice and power of capitalism was such that cosy relationships were forged. Inequality (or marginality) was also redefined. Identity - gender, sexuality, race, etc. - was placed as the primary battle, rather than that of class.

Fourth, the globalised economy also operates outside of national boundaries and many global corporations are now richer and more powerful than some nation states. For example, 147 transnational corporations control 40% of the global economy.

The British state has become an enabler and protector of the market, not of the people. It is not a neutral entity that a radical Labour government can easily mold either.

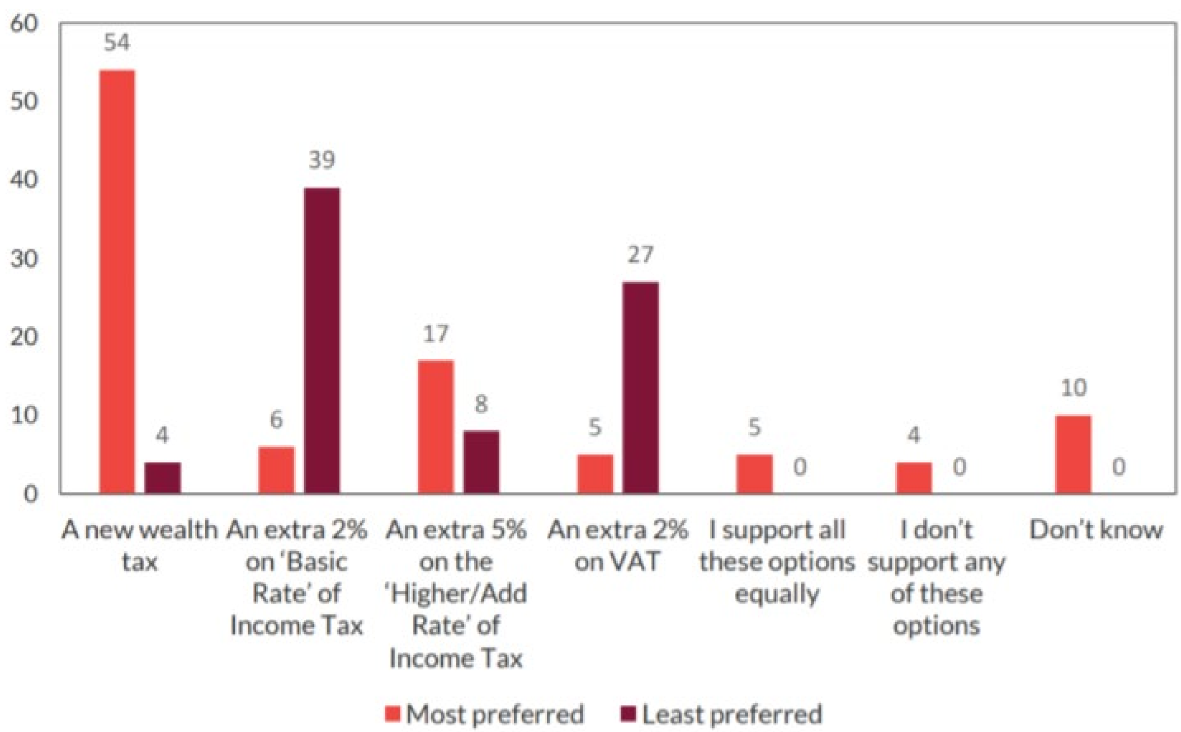
Labour has shown that a political party offering a real break with politics as usual and with austerity can win support. But a change of guard simply will not be enough. After all, many people voted for the parties of austerity, and politics in this country will continue to violently fluctuate unless the underlying structures and cultures are transformed. That’s why we require fundamental reforms that aim to reverse this direction in favour of a fairer society and economy.

The current structures breed disengagement, anger and sometimes ignorance – all of which combine to produce among people a deep sense of powerlessness, which finds expression in a variety of ways, often counterproductive. All of which makes it difficult for the message that wealth is wielding power, not the people, to be understood. Not least because of a mainstream media which twists it into a threat rather than an opportunity for all. It is only a threat to those few who already have wealth and power.

Public Opinion on a UK wealth tax

According to the Wealth Tax Commission's final report from December 2020[116], the public is keen for wealth to be taxed more. Their work showed that the public have "a clear preference for any tax increases to fall on wealth rather than income".

FIGURE 2: PREFERENCE FOR DIFFERENT KINDS OF TAXES TO RAISE £10BN



Source: Rowlingson, Sood and Tu (2020).

Figure 14

The Commission asked people about how they would like a wealth tax to work and came up with a list of key objectives which a wealth tax should meet. These are:

(1) The tax should raise substantial revenue
(2) It should do so efficiently
(3) It should also be fair
(4) The tax should be difficult to avoid

[116] https://www.wealthandpolicy.com/wp/WealthTaxFinalReport.pdf

In May 2020 YouGov produced a poll which showed that 61% support a wealth tax for people with assets worth more than £750,000 (excluding pensions and main homes)[117] The strongest support was in Scotland (64%), the North (63%), Wales and the Midlands (63%).[118]

In October 2020 IPSOS MORI also polled people about a wealth tax, with 41% strongly supporting one. Trinh Tu, Research Director at Ipsos MORI said:

> *In the current context with the government using the full economic force of the state to combat the economic issues caused by COVID-19, the Treasury will be looking to the nation's balance sheet. Novel taxes such as a wealth tax clearly do have a degree of popularity and could be used to help prevent cuts to public services which the public does not want to happen.*

The graph below shows at what level of wealth a tax should apply. The consensus appears to be to tax wealth between £500,000 - £2 million.[119]

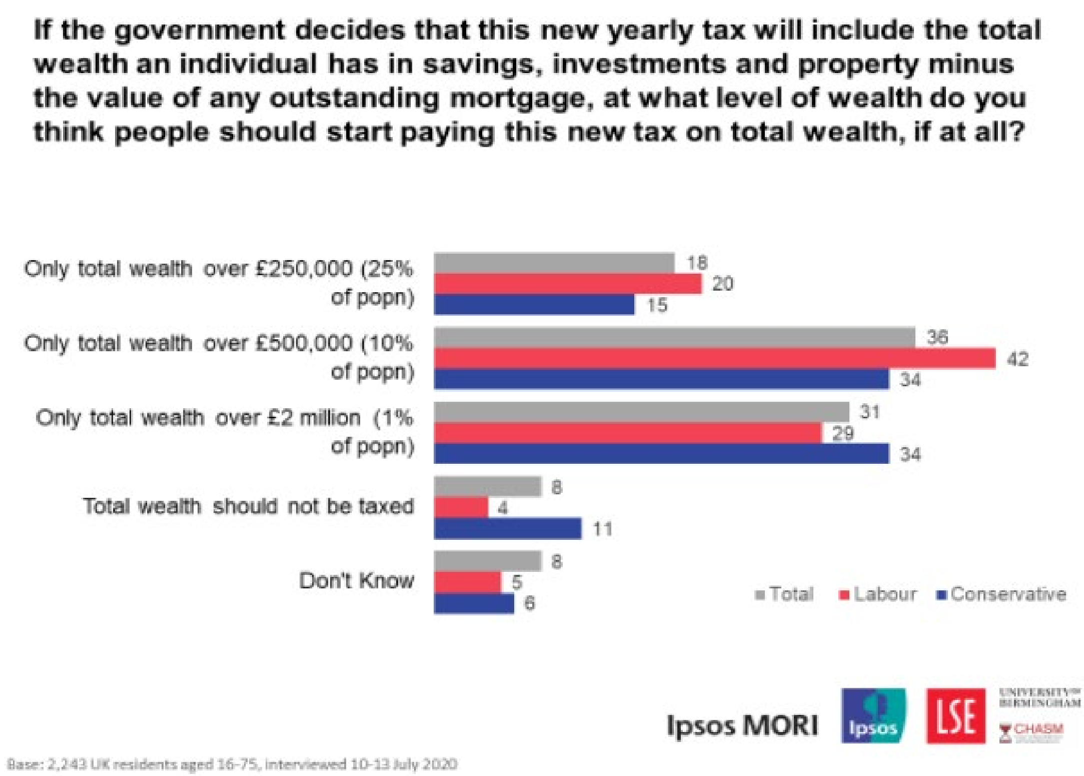


Figure 15

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[117] https://www.taxjustice.uk/blog/yougov-poll-public-want-higher-taxes-on-wealth-and-no-bailouts-for-tax-haven-companies

[118] https://docs.cdn.yougov.com/p54plx0gh9/NEON_PostCovidPolicy_200508_w4.pdf

[119] https://www.ipsos.com/ipsos-mori/en-uk/britons-support-paying-more-tax-fund-public-services-most-popular-being-new-net-wealth-tax

Figure 3 below shows the concerns people have about a wealth tax. The central worry being that the rich will find loopholes with which to avoid such a tax.

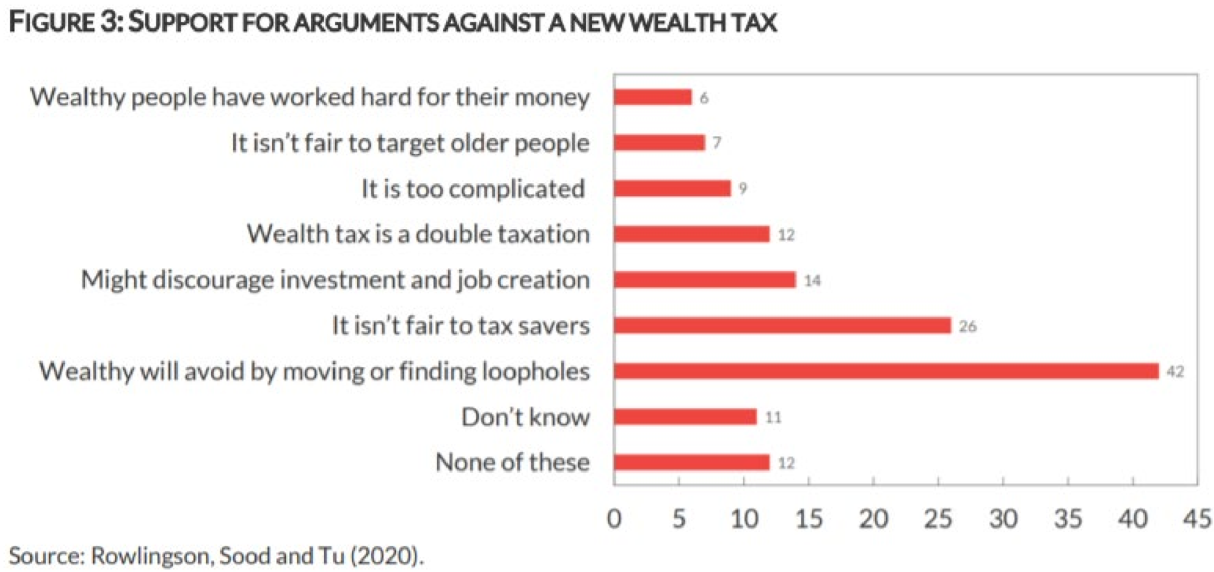

Figure 16

Nonetheless, the public still preferred a wealth tax than other traditional methods of raising tax.

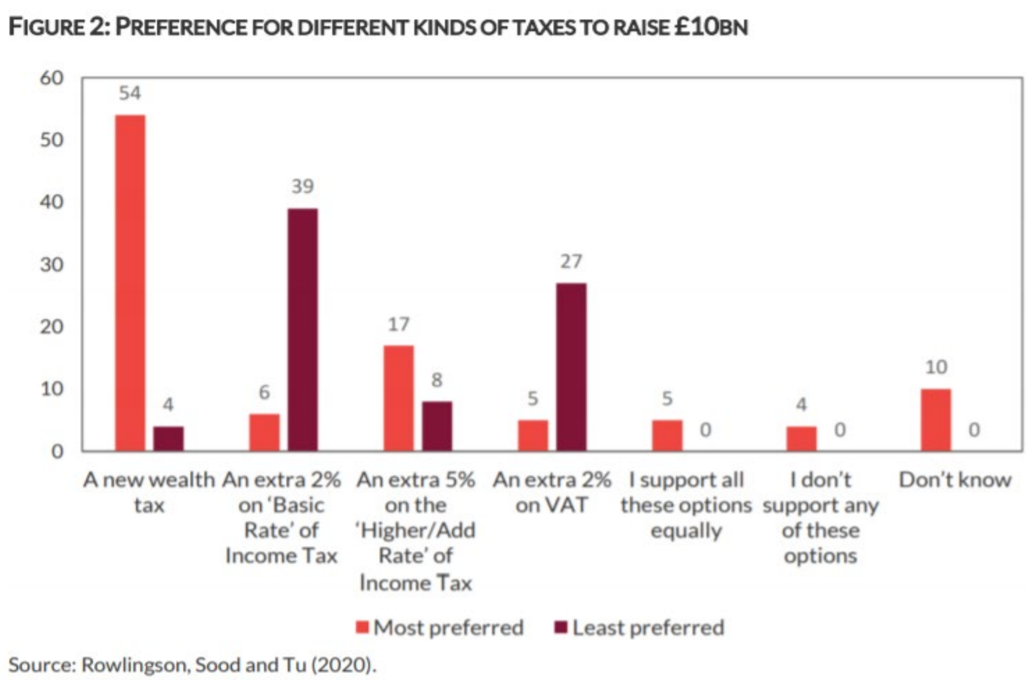

Figure 17

A Wealth Tax for Britain?

Economic policy on taxation in Britain has traditionally focussed on taxing incomes - i.e. wages and salaries - rather than "wealth".

Wealth can come in many forms - through property, pensions, dividends and many more. The Wealth Tax Commission states that a wealth tax is a "broad-based tax on the ownership of net wealth".[120]

The last time a wealth tax was seriously considered in the UK was in the 1970s, with a commitment in the Labour Party Manifestos of 1974. The February 1974 manifesto stated:

> *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.*[121]

The October 1974 manifesto stated:

> *Labour believes, for instance, 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.*[122]

However, at the present time, the UK left has been preoccupied with other forms of taxation, rather than taxation on wealth. For example, our 2019 manifesto committed the Party to raising income taxes on those who earn over £80,000, with a vague commitment to end the "unfairness that sees income from wealth taxed at lower rates than income from work". The full text states:

> *[We want] a fairer taxation system, asking for a little more from those with the broadest shoulders, and making sure that everyone pays what they owe.*
>
> *We'll ask those who earn more than £80,000 a year to pay a little more income tax, while freezing National Insurance and income tax rates for everyone else. We will end the unfairness that sees income from wealth taxed at lower rates than income from work.*[123]

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[120] Specifically, the Commission say: *By 'broad-based', we mean a tax on most (or all) types of asset, not only a specific type such as housing. By 'net wealth', we mean a person's assets minus their debts. For example, if someone owns a house with a mortgage, their net wealth is the value of the house less the outstanding loan.* https://www.wealthandpolicy.com/wp/WealthTaxFinalReport.pdf p 17

[121] http://www.labour-party.org.uk/manifestos/1974/feb/1974-feb-labour-manifesto.shtml

[122] http://www.labour-party.org.uk/manifestos/1974/Oct/1974-oct-labour-manifesto.shtml

[123] https://labour.org.uk/wp-content/uploads/2019/11/Real-Change-Labour-Manifesto-2019.pdf

In our accompanying "Funding Real Change"[124] document, these plans are set out in a bit more detail. Regarding taxing wealth income, the document states:

> *Labour believes that returns from wealth should not be taxed less than those from income. Currently people can earn more income from buying property than from working for a living, and they can pay lower taxes on that. This is not just economically inefficient but socially unfair.*

Particular attention was given to capital gains and dividend tax levels:

> *Labour proposes to equalise the tax treatment of income from dividends with other income by charging marginal rates equal to those in our income tax policy as well as – as with capital gains tax – removing the separate allowance subject to a de minimis threshold as with capital gains tax.*

IPPR's report "Reforming the taxation of dividends"[125] examined this proposal, and those from other parties' manifestos.

Labour's proposals were twofold: to abolish the £2000 tax free personal allowance for dividend income; and to align dividend tax with the income tax schedule.[126] IPPR estimates that, with behavioural impacts, such a change would raise £37 billion over 5 years, as shown in the table below.

Marginal impacts of changes (£bn) under Labour income tax schedule, implemented together

		2020/21	2021/22	2022/23	2023/24	2024/25	Total
Direct impact	Increase tax rates	0	+9	+9	+10	+10	+37
	Remove personal allowance	0	+1	+1	+1	+1	+5
	Total	0	10	10	11	11	**42**
Post-behavioural impact	Increase tax rates	0	+8	+8	+8	+9	+33
	Remove personal allowance	0	+1	+1	+1	+1	+4
	Total	0	9	9	9	10	**37**

Source: Author's analysis based on methodology outlined above.
Note: Figures may not sum due to rounding.

Figure 18

However, Labour did not win the 2019 election and implement these proposals. So, in order to understand how a wealth tax might work in practice, we will need to look to Europe where a

[124] https://labour.org.uk/wp-content/uploads/2019/11/Funding-Real-Change-1.pdf
[125] https://www.ippr.org/files/2019-11/reforming-the-taxation-of-dividends-nov19.pdf
[126] Income tax bands can be found here: https://www.gov.uk/income-tax-rates

number of countries have implemented a wealth tax, in varying ways. The oldest such tax is in Switzerland, which was implemented in 1840.

The Wealth Tax Commission released their final report in December 2020. They put forward two proposals: an annualised wealth tax; or a one-off wealth tax.

The Commission, which was set up to look into a wealth tax, rejected an annualised wealth tax, claiming the increased administration costs would be too great at the £500,000 mark and the liquidity issues would be much more difficult to allow for. There would also be potential changes in behaviour that an annual tax would bring – more wealth being held overseas, for example.

The Commission preferred a one-off wealth tax which would be payable over a period of time. This would be similar to a windfall tax. They propose to start the tax at £500,000 which would catch far too many middle class families. It could probably be dodged by the wealthiest, who can more freely move their assets around the world. However, with, for example, a £2m threshold and a 2% tax rate, this would only bring in a one-off sum of around £32.6bn.

Countries with a Wealth Tax

One off wealth tax

- A one-off wealth tax is a tax on a person's net wealth (all assets minus all debts) assessed at a single point in time, but payable over a number of years. The tax would be levied only on the amount of wealth that is above the threshold.
- One-off taxes have been used after major crises before, including in France, Germany and Japan after the Second World War and in Ireland after the Global Financial Crisis. At individual thresholds of £500,000, £1 million and £2 million a wealth tax would respectively cover 17%, 6%, and 1% of the adult population.

Net Wealth Taxes

- **Norway** levies a net wealth tax (called "formuesskatt") of 0.85 percent on individuals' wealth stocks exceeding NOK1.5 million (€152,000 or US $170,000). Of the wealth tax taken, 0.15% goes to the state, with the remaining 0.7% going to the municipality in which the individual lives. Norway's net wealth tax dates to 1892. Under COVID-19-related measures, individual business owners and shareholders who realize a loss in 2020 are eligible for a one-year deferred payment of the wealth tax.
- **Spain's** net wealth tax is a progressive tax ranging from 0.2 percent to 3.75 percent on wealth stocks above €700,000 ($784,000; lower in some regions), with rates varying substantially across Spain's autonomous regions (Madrid offers a 100 percent relief). Spanish residents are subject to the tax on a worldwide basis while nonresidents pay the tax only on assets located in Spain.

- **Switzerland** levies its net wealth tax at the cantonal level and covers worldwide assets (except real estate and permanent establishments located abroad). The tax rates and allowances vary significantly across cantons. The Swiss net wealth tax was first implemented in 1840.

Wealth Taxes on Selected Assets

- **France** abolished its net wealth tax in 2018 and replaced it that year with a real estate wealth tax. French tax residents whose net worldwide real estate assets are valued at or above €1.3 million ($1.5 million) are subject to the tax, as well as non-French tax residents whose net real estate assets located in France are valued at or above €1.3 million. Depending on the net value of the real estate assets, the tax rate is as much as 1.5 percent.
- **Italy** taxes financial assets held abroad without Italian intermediaries by individual resident taxpayers at 0.2 percent (IVIE). In addition, real estate properties held abroad by Italian tax residents are taxed at 0.76 percent (IVAFE). IVIE and IVAFE are levied at national level and on an annual basis.

What are the specific rules, and the response to them, in Spain, Italy, Norway and Switzerland?

Spain

If you are resident in Spain, wealth tax applies to your worldwide assets, after the relevant tax-free allowances.

For non-residents it affects Spanish assets only. It is payable on the total net value of your taxable assets at the end of each year (i.e. 31st December).

The tax is payable on the net value of most of your capital assets, such as real estate, savings and investments, shareholdings, jewellery, art, antiques, cars, boats etc.

In 2021, **worldwide wealth up to €10,695,996 is taxed the same as last year**, with rates rising progressively from 0.2% for wealth up to €167,129 to 2.1% for wealth between €5,347,998 and €10,695,996. But now the top state rate for wealth above this limit has increased from 2.5% to 3.5%.

However, this increase only applies where the local autonomous community does not apply its own rates. Where it does, these continue to apply (and may or may not change from 2020, depending on the regional 2021 budget).

Wealth tax will now be applied indefinitely. This tax was effectively abolished in 2008 but reinstated on a temporary basis during the financial crisis in 2011. It has been extended in successive budgets and will now be considered a permanent tax.

In 2019, the wealth tax raised 2.2billion Euros.[127]

Exclusions and limits to Spanish wealth tax

Wealth tax is not payable on:

- The habitual dwelling up to EUR 300,000 for each taxpayer.
- Personal belongings and general household contents (excluding jewellery, furs, motor vehicles, motor boats, antiques, and any item of significant value).
- Assets considered to be National or Regional Historic Heritage.
- Intellectual property rights held by the author.
- Family companies and business assets (subject to conditions).
- Pension rights (other than purchased annuities)

There can be some exemptions for antiques and works of art, but you need to follow specific rules.

When calculating net taxable wealth, loans are deductible provided they were not used to buy or invest in assets exempt from wealth tax, but in some cases certain conditions must be met.

Italy

- If foreign assets are directly held by the taxpayer (rather than via an Italian resident intermediary), IVIE and IVAFE are self-assessed by the taxpayer in their income tax return.
- In the case of foreign assets owned through an Italian resident financial intermediary (e.g. fiduciary company), no reporting obligations apply in the hands of the Italian resident since all tax fulfilments are carried out by the intermediary.

Switzerland

- The Swiss residents' wealth tax is difficult to avoid with standard tax planning techniques since trusts settled by a Swiss resident are disregarded for Swiss wealth tax purposes and passive investment companies are essentially also valued based on a look-through

[127] https://stats.oecd.org/index.aspx?DataSetCode=REV

approach. Holding assets through an unincorporated business abroad might be a viable option but the threshold for creating an actual 'investment business' abroad is quite high and might create negative social security consequences in Switzerland. Furthermore, the relatively low tax rates usually reduce the incentive for excessive tax planning.

Norway

- Net wealth is defined on the Norwegian tax return by the total value of assets minus total debt.
- While housing wealth is included in the wealth tax calculations, there are favourable rules on the valuation of your primary dwelling. For wealth tax purposes, your primary dwelling is valued at 25% of its estimated market value.
- In 2019, wealth tax amounted to 1.1% of the total tax proceeds in Norway - approximately 1.6 billion Euros [128]. The details of income from the wealth tax are below:

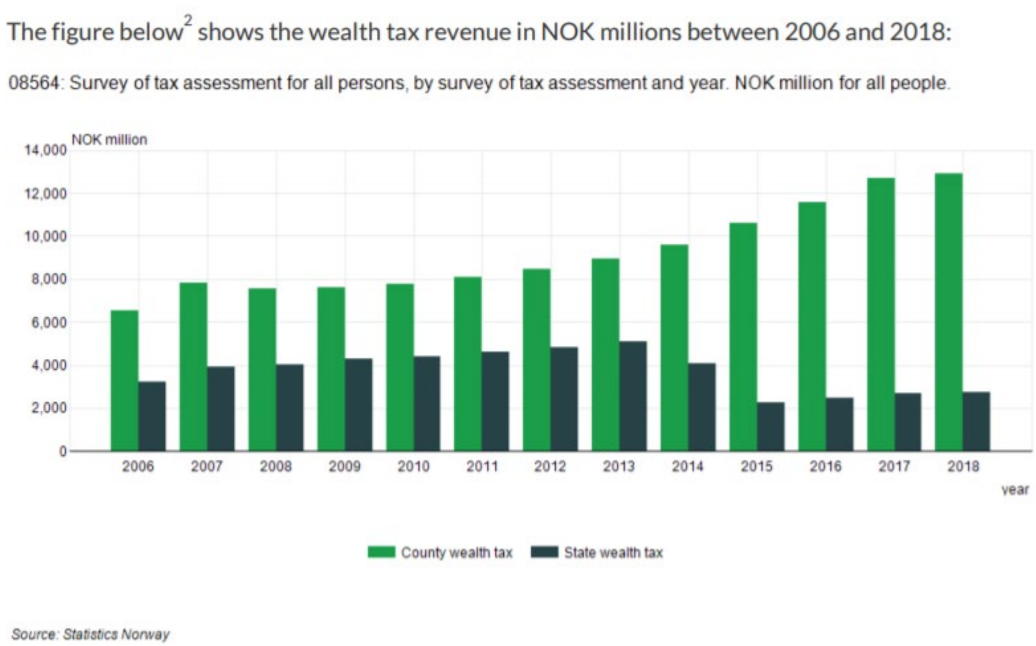

Figure 19

- Under the Norwegian Tax Act, the taxable property is fixed at the market value, as of 1 January in the assessment year, of the taxpayer's assets that have a financial value less debt for which the taxpayer is liable.
- Norway's wealth tax has a number of exclusions, including wages, interest or dividends for shares, patents and others.

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[128] https://www.wealthandpolicy.com/wp/BP138_Countries_Norway.pdf

- There are also a number of discounts. There is a 75% discount for primary residences and holiday homes, and 10% for secondary residences. For 2021 it is proposed that the 75% discount on primary residences only shall be granted for residences with a value up to NOK 15 million (EUR 150,000). Above this level there will be a 50% discount, instead of the 75% discount. There is a 35% (45% in 2021) discount for commercial property.
- There are still other taxes alongside the wealth tax (e.g. gift tax, income tax, etc.), so for the wealth to avoid being tax resident in Norway for the wealth tax the person has to, for three consecutive years, fulfil the following requirements: (i) they cannot have a dwelling in Norway available to them, and (ii) they cannot spend more than 61 days each year in Norway.

How much is raised in countries with a wealth tax?

2019[129] - in euros

- Italy - 0.2 billion
- Norway - 20.5 billion
- Switzerland - 9.4 billion
- Spain - 2.2 billion

[129] https://stats.oecd.org/index.aspx?DataSetCode=REV

A UK Wealth tax?

There are several ways a wealth tax could work in the UK. Some have favoured a flat rate one off wealth tax and others have prioritised an annual tax. Indeed, the Wealth Commission's wealth tax simulator gives even more ways a wealth tax could be raised.

We believe there are four possible options which will be discussed in detail within this section. It is not for us to decide which course to take, but rather have an open discussion on the four options below.

1. One off Wealth Tax, as proposed by the Wealth Commission

The Commission recommended: *"A well-designed one-off wealth tax would raise a total of **£260 billion** at a rate of 5% over £500,000 per individual or £80 billion at a rate of 5% over £2 million per individual, payable at 1% per year over five years. These estimates account for all relevant behavioural responses and administrative costs to government."*

Total raised: £260 billion

2. One off Wealth Tax, graduated on wealth above £2 million

Taking into account behavioural changes and a medium to high avoidance rate, this one-off tax would **raise £197.6 billion**, including nearly £700m in administration costs. Wealth over £2 million would be taxed at the following rates:

- £2-5 million - 8%
- £5-10 million - 12%
- £10+ million - 15%

Total raised: £197.6billion

3. An Annualised Wealth Tax on Wealth above £2 million

This would be an Annual tax excluding primary place of residence and also assumes high rates of avoidance measures taken by taxpayers. It would take wealth above £2 million in a graduated way. This would raise £22.5bn a year, including yearly administration costs £104.0m

- £2-5 million - 1%
- £5-10 million - 1.5%

- £10+ million - 2%

Total raised: £112 billion over 5 years

4. Hybrid Wealth Tax

This would include a one-off tax on wealth, as shown in 2. above, with an annual tax on wealth gained after.

Over Covid, the richest 250 people, as listed in the Sunday Times, increased their wealth by £106.7 billion. If we taxed wealth increases at the same base rate of income tax (20%) it would raise **£21.3 billion** each year.

Looking at the aggregate of increased wealth - wealth accrued between the financial crisis and covid - of the richest 1000 people it is clear that a significant amount of money could be raised. The richest 1000 increased their wealth by £538 billion between 2009-2020 which if taxed at 20% would have raised **£107 billion**. This could have been used instead of austerity measures implemented by the Tory government.

Total raised: £197.6 billion plus £21.3 billion a year (£106.5 billion in 5 years) **= £304.1 billion**

Who and what could be taxed?

- When a wealth tax was last considered in the UK in 1974, the government Green Paper concluded that ‘the natural unit of taxation should be the family’. This was on the basis that the family as a whole benefits from wealth in terms of better housing, access to better educational opportunities etc. However, this was at a time when spouses were assessed together for income tax (more precisely, the wife’s income was assessed as her husband’s) and the social context was rather different.

- However, most countries with a wealth tax apply it to individuals.

- There is of course a potential for non-compliance. According to the Commission’s report, the two main sources of non-compliance under a wealth tax would be undervaluation (or overvaluation of debts) and failures to report (ownership of) assets.[130]

- We will want to exempt those who are asset rich but cash poor - so people don’t have to sell or borrow in order to pay the tax. We also strongly advise against including pensions.

- 45% of UK wealth is in the hands of the top decile. 0.07% of wealth is in the hands of those in the lowest decile.[131] Our priority would be to focus on those in the top decile. Shown in the graph below is the average net wealth of households by net wealth decile.[132]

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[130] https://www.wealthandpolicy.com/wp/WealthTaxFinalReport.pdf p68
[131] https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/totalwealthingreatbritain/april2016tomarch2018 see figure 4
[132] https://www.resolutionfoundation.org/app/uploads/2020/12/The-UKs-wealth-distribution.pdf

Figure 20

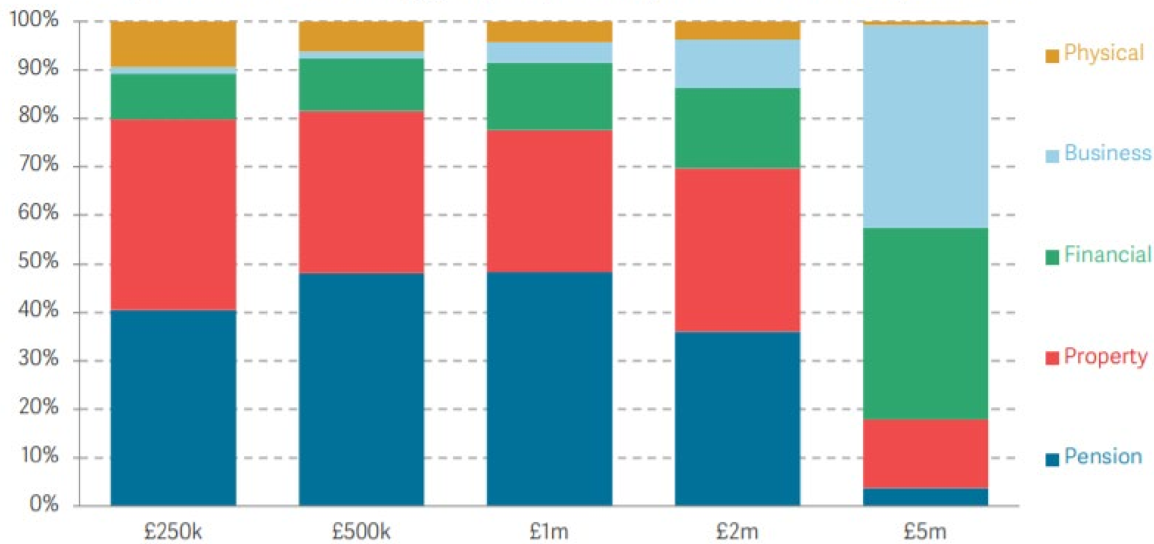
- There is also huge variation within the top decile. Clearly a tax on wealth over £2 million will only actually apply to a small number of people.

Figure 21

- The richest people in the country tend to have more business and financial wealth. A graph from the Resolution Foundation shows this clearly. Pension, property and physical wealth is not the main source of wealth for those in the richest 1%. This may mean a wealth tax would be better to focus on business and financial wealth.

FIGURE 14: **The very wealthiest families hold much more financial and business wealth than other wealthy families**

Composition of net wealth by groups captured by each threshold: GB, 2016–2018



NOTES: Wealth is measured at the family level – single or couple adults and any dependent children within a household. Total wealth includes net financial assets, net property assets, pension assets, business assets and an adjusted measure of physical wealth (including cars, home contents, collectibles, etc). Figure E5 shows this graph using an alternative measure of wealth which excludes main homes and pension wealth.
SOURCE: ONS, Wealth and Assets Survey.

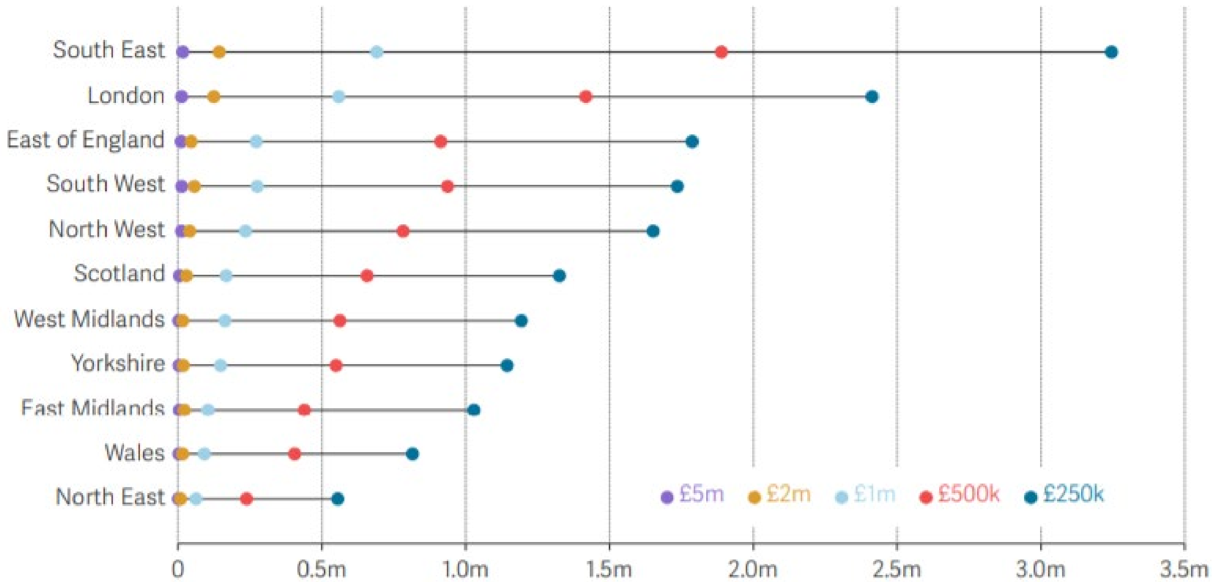
Figure 22

- Financial wealth: Since 2006–08 total financial wealth in Great Britain has increased by more than 60% in real terms (from £1.4 trillion to £2.3 trillion in 2019) in current CPI-adjusted prices[133]. It tends to be concentrated in the hands of the already wealthy.
- Pension Wealth: Aggregate private pension wealth has also increased in value by more than 60% since 2006–2008[134]. However, this wealth is much more evenly distributed across the population.
- Location: those who are the wealthiest in Britain are concentrated in London and the South East.[135] See graph below:

133 https://www.resolutionfoundation.org/app/uploads/2020/12/The-UKs-wealth-distribution.pdf
134 ibid
135 ibid

FIGURE 11: **The South and East of England have the highest numbers of wealthy families**

Number of high-wealth individuals by threshold level, calculated at the family level: GB, 2016–2018



NOTES: Wealth thresholds are measured as total wealth per adult within the family. Figure E3 shows this graph using an alternative measure of wealth which excludes main homes and pension wealth.
SOURCE: ONS, Wealth and Assets Survey.

Figure 23

What about the asset rich, cash poor?

- The most-often cited illiquidity concerns are with the pensioner on a low fixed income who lives in a large house, the farmer struggling to turn a profit, or the private business owner whose savings are fully invested in their company.
- The Commission identifies that some people will be “liquidity constrained” under a wealth tax. This would need to be minimised for cases of genuine illiquidity.
- The Commission’s detailed study on a wealth tax in the UK identifies who would be “liquidity constrained” as a result of such a tax:
    - ❖ an individual is liquidity constrained where both of the following conditions are satisfied: (1) The wealth tax that they would have to pay in a given year would exceed 20% of their net income (after all other personal taxes have been paid) and (2) The wealth tax exceeds 10% of the combined total of their net income plus their liquid assets.
    - ❖ The second criterion reflects that where an individual has relatively low income but large amounts in easily accessible savings, the popular perception that they would have to sell their illiquid asset (e.g., their home or business) to pay the tax is not really accurate.
- A wealth tax set at 1% for wealth over £500,000 would mean an estimated 570,000 people will become “liquidity constrained”. This goes down to 65,000 at a threshold of £2 million. If we had a wealth tax starting above £2 million at a rate of 0.6% it could raise £10 billion after 12 ongoing administrative costs. Before accounting for liquidity solutions, 44,000 people (7% of those paying) would be liquidity constrained.
- Of all those who would be liquidity constrained under a wealth tax starting at £500,000 per individual:
    - 1 in 7 have their main home as their largest illiquid asset.
    - 1 in 5 have business assets as their largest illiquid asset.
    - 1 in 2 have pension assets as their largest illiquid asset

- Some individuals may be ‘deliberately illiquid’ (McCaffery, 2017), in the sense that they have chosen to arrange their finances in a way that minimises the income they receive at personal level, despite having access to funds in a controlled company.

Recommendations

Levelling Up Tax on Wealth

Options for a Wealth Tax

- We discuss four options for a wealth tax above, on which we hope to start an open discussion and national debate.

Bring dividend taxes into line with income tax bands

- At present, dividends are taxed at a much lower rate than income (See appendix 1 for current tax bands) and there is also a tax-free personal allowance of £2000.
- Dividends need to be brought into line with income tax rates. It is estimated that bringing dividends into line with income tax would raise **£37 billion** over 5 years[136]
- With reference to the personal allowance, IPPR estimates that removing it would raise £0.75 billion in 2021/22, rising to £0.82 billion in 2024/25.[137]

Bring Capital Gains Tax into line with income tax bands

- It is estimated that bringing Capital Gains Tax into line with income tax would raise **£90 billion** over five years, when accounting for behavioural impacts.[138]

Unlocking Cash Reserves

- In order to make big companies with large - or excessive - cash reserves use their money more productively the government needs to make them invest.
- Traditionally this has been done with tax incentives which will obviously have a role to play.
- But in the wake of the covid crisis, the behaviour of these companies needs to change quickly, so we suggest a “use it or lose it” policy for the biggest companies with excessive cash reserves.
- Smaller businesses of course might need reserves, especially in uncertain times such as the present. To be clear, the focus has to be on those viewed as hoarding reserves unproductively.

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136 https://www.ippr.org/files/2019-11/reforming-the-taxation-of-dividends-nov19.pdf
137 ibid
138 Ibid

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Close tax loopholes

Bringing in a wealth tax, and taxing wealth such as dividends, will not be effective without closing the loopholes the rich use to hide or move their wealth out of the country.

To be clear, we need to close loopholes for both individuals and multinational companies. There is some overlap, as individuals can hide their wealth behind shelf companies, etc but it is important to make sure the system is watertight.

As such, more detailed work needs to be done to construct such a robust and just tax system for wealth. However, as a start the following measures are recommended:

a) A “Black List” for Tax Havens and possible sanctions for their use, with a section of HMRC dedicated to keeping and enforcing the list. See above for more detail on the EU’s List of Non-Cooperative Tax Jurisdictions;

b) Increase funding to HMRC and make tax compliance for the wealthy a priority, rather than low level benefit fraud;

c) Increase staffing levels to a ratio of tax collector to wealthy individual which is workable and prioritises robust monitoring, as well as ensuring there is diversity throughout the organisation in race, gender, socio-economic background, sexuality, disability, etc;

d) In order to stop the wealthy simply changing their nationality in order to avoid tax, non-doms would have to be covered, as well as UK citizens, in a wealth tax. The system in Spain in which residents are subject to the tax on a worldwide basis while nonresidents pay the tax only on assets located in Spain, may be the best option;

e) Enforcing due diligence against corporate capture of HMRC - this would work with the proposals below on closing the revolving door and tackling lobbying and outsourcing;

f) Debarring companies who use tax havens from winning any public sector contracts.

These measures would help to raise **$10.3 billion (£7.6 billion)** through stopping tax avoidance; and **$29.3 billion (£21.5 billion)** due to tackling tax evasion a year.

How much money will these policies raise?

The median revenue which could be raised by the four wealth tax options is £218.4 billion over 5 years. £37 billion over 5 years for bringing dividends into line with income tax and £90 billion over 5 years for levelling up Capital Gains Tax. **This would total £345.4 billion in 5 years.** This estimate is deliberately conservative to account for behavioural changes, admin costs, and other factors.

Closing tax avoidance loopholes will raise £7.6 billion a year and tackling tax evasion would raise £21.5 billion a year. **A total of £29.1 billion a year, £145.5 billion in 5 years.**

In total, approximately **£490.9 billion** could be raised in 5 years, that is £98.18 billion a year which could be used to build a dynamic green economy focussed on growth and investment rather than simply on tax and spend. This could have a big impact on regional growth and make levelling up a reality.

The table below shows how much added value each region could produce if investment levels across the UK matched that of London. All data is compiled from ONS statistics on GVA.

Region	Added output
North East	£19.6 billion
North West	£26.3 Billion
Yorkshire and Humber	£33 Billion
East Midlands	£27.2 Billion
West Midlands	£28.4 Billion
East of England	£17.2 Billion
South West	£22.5 Billion
Wales	£23.9 Billion
Scotland	£11.2 Billion
Northern Ireland	£11.9 Billion
TOTAL	£221.2 Billion

Figure 24

The money could also be used to fund policies which would increase the spending power of working people, which is key to rebuilding the economy:

- 15% NHS pay increase (£5.1bn nominal cost)
- Making the £20 UC uplift permanent (£5bn)[139]

[139] https://ifs.org.uk/publications/15528#

- Plug the Social Care funding gap (£4.3bn)[140]
- Restore Sure Start funding (£1.2bn)
- Local Council funding gap (£7.4bn)[141]
- Reverse education funding cuts (7 billion)[142]
- Levelling up transport by matching UK wide spending on transport to London levels of spend (£19bn)
- Insulating all homes, reducing energy bills and cutting carbon emissions by 10% through "Warm Homes for All" (£250 billion)[143]
- Building 150,000 houses a year (£75 billion)[144]

This money could also fund big parts of our public services, including:

- The entire yearly education budget of £96.1 billion (including schools, colleges, etc.)[145]
- The entire Departmental Expenditure Limits of: Local Government, including housing; Transport, the Home Office and the DWP.[146]

Tackling Vested Interests

Establish new rules on political finance

a) Prevent regulated donees (political parties, elected office holders and members associations) and non-party campaigners from accepting donations or loans from individuals who are not domiciled in the UK and who are non-resident for tax purposes;

b) Prevent regulated donees and non-party campaigners from accepting donations or loans from individuals that are not tax compliant. Labour will ban those involved in tax evasion and avoidance from making political donations;

c) Require that any private or public company that makes a political donation or loan must be able to demonstrate that it generates sufficient income from UK trading to fund any contribution it makes. This is to prevent impermissible donations through a UK-registered subsidiary; Companies must have published at least one set of accounts before donating.

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140 https://www.kingsfund.org.uk/projects/verdict/how-serious-are-pressures-social-care#:~:text=The%20Local%20Government%20Association%20estimates,continue%20to%20absorb%20these%20pressures.

141 https://www.local.gov.uk/about/news/lga-analysis-covid-19-council-funding-gap-widens-ps74-billion

142 https://www.mirror.co.uk/news/politics/education-spending-falls-more-7-13852586

143 https://labour.org.uk/press/warm-homes-for-all-labours-plan-to-reduce-energy-bills-create-jobs-and-tackle-the-climate-emergency/

144 https://www.theguardian.com/politics/2019/nov/20/labour-to-unveil-75bn-social-housing-plan-to-build-for-the-many

145 https://obr.uk/docs/dlm_uploads/BriefGuide-B21.pdf

146 https://www.gov.uk/government/statistics/public-spending-statistics-release-july-2021/public-spending-statistics-july-2021

d) Require any private company that makes a political donation or loan to declare their ultimate beneficial ownership and be able to demonstrate that their owners would be permissible donors if they had given the same money directly;
e) Require unincorporated associations that make political contributions in a year totalling above £7,500 or above to report gifts received above £7,500;
f) Increase the maximum fine the Electoral Commission can sanction individuals and organisations for breaking political finance rules, in-line with the Commission's own recommendations. We would consult on the appropriate amount;
g) Extend the imprint rules to digital communications, so that digital campaign material must have an imprint saying who is behind the campaign and who created it.

Establish a new Lobbying Register

a) Cover in-house employees engaged in lobbying, which is currently excluded by existing legislation;
- Under this scope, think-tanks that engage in activity classed as lobbying will be required to register, irrespective of whether they received money specifically for this purpose. They would also be required to declare their funders (not being able to declare their 'clients').
b) Cover contact made by individuals or organisations engaged in lobbying with any employee of government and not just permanent secretaries and special advisers;
c) Cover any contact made by an individual or organisation engaged in lobbying with Members of Parliament and not just ministers;
d) Expand the reporting requirement to include the specific nature of the lobbying engagement, who is being targeted and what policy areas are under discussion, on behalf of whom. Specific reference must be given to legislation or bills when it applies. Ministers must also provide a comparable level of detail in their diary returns so as to help detect reporting anomalies between the two accounts;
e) Expand the reporting requirements to include the estimated value of the lobbying activity registered;
f) Expand the reporting requirements to include a list of current employees engaged in lobbying that have worked in the public sector in the 5 years prior to registration;
g) Clamp down on lobbyists or ministers from refusing to properly disclose information on the basis of a minister claiming to be acting in 'a personal capacity';
h) Carry tougher sanctions for those individuals or organisations that fail to register the appropriate level of detail. Sanctions will include a ban on future meetings with public officials as well as monetary fines;
i) Be staffed with significantly more than the 1.5 FTE civil servants currently working on the Register;
j) Ban MPs from holding paid second jobs.

Establish a separate Register of Consultancy Firms

a) Require each department to submit quarterly returns, detailing all contracts currently held with consultancy firms, so as to enable the public to better identify potential conflicts of interests. The Register will contain the following information:
   i. The value of the contract;
   ii. The start and end date of the contact;
   iii. The purpose of the contact;
   iv. The specific policy area relevant to the contract;
   v. Whether the consultancy firm has as a client any private sector organisations affected by or interested in the policy area the contract relates to.
b) Require each department to submit quarterly returns, listing the number of secondments both in and out of the department, from and to private sector organisations, and the policy areas those individuals listed are working on;
c) Consultancy firms that also engage in activity captured by the new Lobbying Register will still be required to register there;
d) The Consultancy Register will also help in departments' push to reduce the role of consultancy firms in government.

Abolish the Advisory Committee on Business Appointments (ACoBA)

Replace ACOBA with a new statutory body that will:

a) Have sufficient resources and powers to effectively regulate the post-public employment of former Ministers and crown servants;
b) Enforce newly written business appointment rules;
c) Produce rulings that are mandatory and not just advisory, and backed up with tougher penalties for non-compliance;
d) Be more representative of society its membership, and not packed with establishment figures;
e) Encourage and support Departments to take a more active role in applying and enforcing the newly created rules. Each Department will appoint one non-executive director to take responsibility for the application of the business appointment rules.

Stopping the Outsourcing Gravy Train

End the presumption in favour of the outsourcing of public services to large-scale private providers and introduce a presumption in favour of insourcing. We will insist that that all of our taxpayer funded public services operate to the highest standards, are citizen-oriented and operate with an exclusively public service ethos and not simply in the interests of their private owners

Require all private companies bidding for a Government contract to meet the following criteria:

- Give full trade union recognition for their workforce and comply with collective bargaining agreements
- Move towards a ratio of 20 - 1 between the lowest and highest paid, matching the target in the public sector, over a transitional period
- Pay their suppliers the full amount owed within 30 days
- Maintain high environmental standards in relation to energy use, emissions and waste disposal, while taking appropriate measures to aid the transition to a low carbon economy
- Provide training and apprenticeship opportunities proportionate to firm size
- Full tax compliance. If any company is found to be engaged in tax avoidance activities this will debar them from even bidding for contracts
- Adopt best practices in equal opportunities

Any Government contractor found to be breaching these conditions will be designated as “high risk”, which will trigger the option for the contract to be retendered or brought back in house.

Appendix

1. Background notes on tax rules

UK Current Tax rates

Income tax

Band	**Taxable income**	**Tax rate**
Personal **Allowance**	Up to £12,570	0%
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £150,000	40%
Additional rate	over £150,000	45%

Dividends

Tax band	Tax rate on dividends over the allowance
Basic rate	7.5%
Higher rate	32.5%
Additional rate	38.1%

Capital Gains Tax UK

- There are two different rates of CGT - one for property and one for other assets. How much you pay will depend on the asset you've made a profit on and your tax band.
- The amount of CGT you pay is related to the income tax band you fall under for your salary

Tax bracket	CGT rate on assets	CGT rate on property
Basic-rate payer	10%	18%
Higher or additional-rate payer	20%	28%

- The capital gains tax allowance in 2021-22 is £12,300, the same as it was in 2020-21. This is the amount of profit you can make from an asset this tax year before any tax is payable.
- If your assets are owned jointly with another person, you can use both of your allowances, which can effectively double the amount you can make before CGT is due. If you are married or in a civil partnership, you are free to transfer assets to each other without any CGT being charged.

Tax year	2020-21	2021-22
CGT allowance for an individual	£12,300	£12,300
Couple's allowance (married or in a civil partnership only)	£24,600	£24,600

- Typical investments that you might have to pay capital gains on include: a second property or buy-to-let shares and funds, unless they're held in an Isa or pension the sale of a business valuables such as jewellery, antiques and art.

You don't have to pay tax on all capital gains. Those listed below are tax-free:

- Capital gains tax on cars the sale or gifting of private cars - ie not for cars you use for business
- Capital gains tax on gifts to spouses or charity gifts between husband and wife or registered civil partners, although tax may be due later if the new owner sells the item gifts to charities
- Capital gains tax on property sales the sale of your only or main home the sale of a buy-to-let or second home that was your main home within the past 18 months
- Capital gains tax on personal possessions (sometimes called personal 'chattels') such as antiques, worth no more than £6,000. If you sell a set (of chairs, for

example), the £6,000 limit applies to the set, not each item. possessions with a useful life of 50 years or less (known as 'wasting assets'), for example, a boat.

- Capital gains tax (CGT) on financial products: betting, pools and lottery winnings Isas or Peps UK government gilts and premium bonds National Savings & Investments products pensions and child trust funds proceeds from life insurance policies, unless bought second-hand most corporate and local authority bonds you've owned directly (rather than holding them in an investment fund) Building society permanent interest-bearing shares (Pibs) and Sharia-compliant equivalents shares while held in approved share incentive plans through your employment some schemes to encourage investment in new and growing businesses
- Capital gains tax (CGT) and inheritance whatever you leave on death (though inheritance tax may be payable instead).

Corporation tax - 19% with the intention of rising to 25%

2. Tax abuse harm

	Total harm to other countries	Harm through tax avoidance	Harm through tax evasion
British Overseas Territories			
Bermuda	$13,843,144,682	$10,860,143,218	$2,983,001,465
British Virgin Islands	$16,295,774,429	$10,405,615,250	$5,890,159,180
Cayman Islands	$70,441,676,611	$22,819,899,267	£47,621,777,344
Falkland Islands	£343,202.9188	0	£343,202.9188
Gibraltar	$3,941,092,690	$3,868,731,598	$72,361,091.61

Turks and Caicos Islands	$9,939,694.405		$9,939,694.405
Crown Dependencies			
Guernsey	$1,150,100,344	$69,859,011.12	$1,080,241,333
Jersey	$7,911,160,368	$4,465,999,479	$3,445,160,889
Isle of Man	$3,981,558,155	$3,651,866,475	$3,29,691,680.9
UK	$42,464,646,560	$13,671,390,701	$28,793,255,859
TOTAL	**160,039,436,736**	**69,813,504,999**	**89,896,240,059**

3. Wealth Tax Commission simulator

Annual wealth tax

This wealth tax is an annual tax based on total net worth (sum of all assets owned minus all debts), with exemptions for low-value items (less than £3000). You can create a flat or a progressive annual wealth tax by selecting a tax plan. The UK does not currently have such a wealth tax.

- £2m threshold / 0.5% tax rate = £8.7bn
- £1m threshold / 0.5% tax rate = £15.7bn
- £2m threshold / 1% tax rate = £16.8bn
- £1m threshold / 1% tax rate = £30.3bn

One off tax

This wealth tax is a one-off tax based on total net worth (sum of all assets owned minus all debts), with exemptions for low-value items (less than £3000). It would be based on the value of an individual's wealth at a single point in time, but may be paid in multiple instalments. You can create a flat or a progressive one-off tax by selecting a tax plan. The UK does not currently have such a wealth tax.

- £2m threshold / 2% tax rate = £32.6bn
- £2m threshold / 5.2% tax rate = £84.7bn

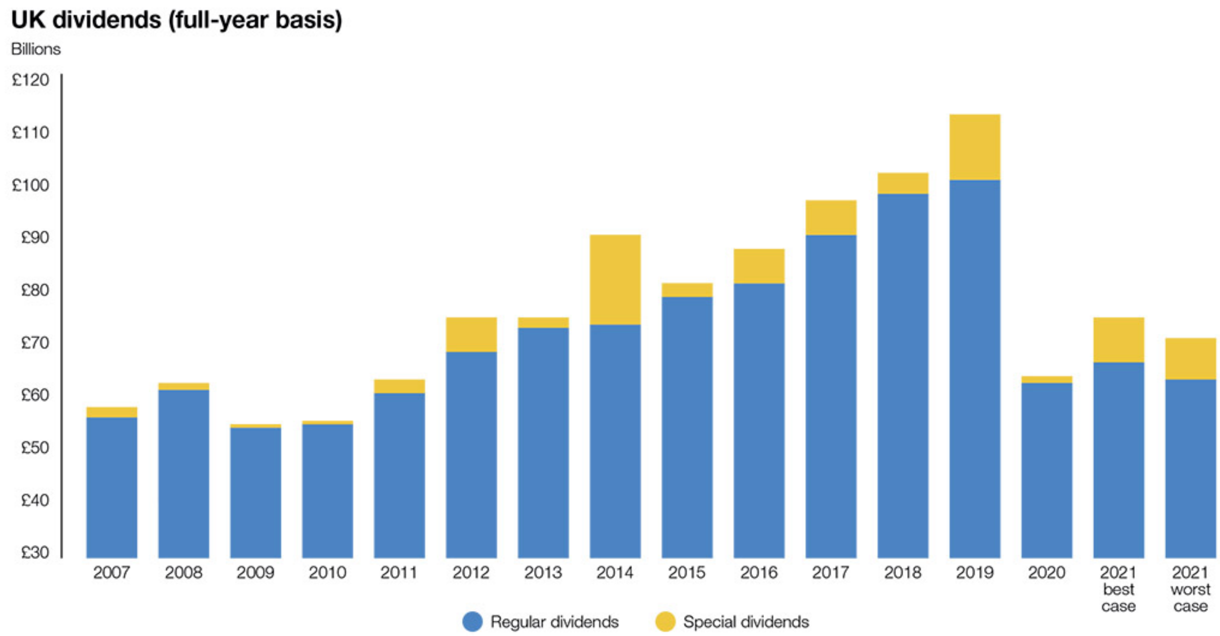
FTSE 100 Companies & Dividends

Below are estimates from AJ Bell Dividend Dashboard of yearly dividend forecasts. Data is only available for the past 4 years.

Year	Amount forecast to be paid out in Dividends
2021	£66.4bn
2020	£91.1 billion
2019	£93.7 billion
2018	£88.5 billion
2017	£78.4 billion

An article in the Financial Times (23/03/2020) reports that dividend payments have **almost doubled** from **£46bn** in 2009 to about **£90bn** declared so far for 2019.
https://www.ft.com/content/3cc38c08-6aba-11ea-800d-da70cff6e4d3

The FT reported on 09/04/2020 that dividend payments from UK companies will **fall by up to 53%** in 2020 to **£46.5bn**, including 1st quarter payouts that had already been made to shareholders.
https://www.ft.com/content/f5eb2d30-db85-4911-9d4e-6af3e14bfab8



4. Reports of Lobbying and Revolving Door Scandals since 2015 (non-exhaustive)

2015

- Massive surge in donations made 2015 general election most expensive ever https://www.theguardian.com/politics/2015/may/28/massive-surge-donations-2015-general-election-most-expensive-ever
- 'Cash for access': Sir Malcolm Rifkind suspended by Tory Party https://www.standard.co.uk/news/politics/cash-for-access-scandal-sparks-fresh-row-over-mps-second-jobs-10064661.html

2016

- Humiliated - Billionaire crony of Cameron sees dream of peerage shot down for FOURTH time (Michael Spencer) https://www.dailymail.co.uk/news/article-3720880/Humiliated-Billionaire-crony-Cameron-sees-dream-peerage-shot-FOURTH-time.html
- New peer on Cameron's resignation honours list gave Tories £2.5m https://www.theguardian.com/politics/2016/aug/05/new-peer-on-camerons-resignation-honours-list-gave-tories-25m

2017

- Tory MP Nadhim Zahawi 'closely linked to two tax-haven-based companies' https://www.theguardian.com/politics/2017/jan/04/tory-mp-nadhim-zahawi-tax-haven-balshore-berkford-investments-gibraltar
- Foreign aid minister's husband is on £25,000 to run her office... and he still finds the time to hold down TWO other jobs! https://www.dailymail.co.uk/news/article-4501060/Priti-Patel-s-husband-paid-25-000-run-office.html
- Tories given nearly £25m as election donations to parties hits record £40.1m https://www.theargus.co.uk/news/15493009.amp/
- Tory donor questioned by SFO over corruption claims at Petrofac https://www.theguardian.com/business/2017/may/12/conservative-tory-donor-ayman-asfari-questioned-serious-fraud-office-petrofac

2018

- Fifth of Tory election donations from 'dark money' trust https://archive.news.stv.tv/politics/1421800-fifth-of-tory-election-donations-from-dark-money-trust.html

2019

- Tory donor peerages https://www.opendemocracy.net/en/dark-money-investigations/cabinet-office-urged-to-investigate-fresh-tory-cash-for-honours-scandal/
- Jennifer Arcuri / Boris Johnson https://www.independent.co.uk/news/uk/politics/boris-johnson-news-jennifer-arcuri-grant-cyber-evidence-us-a9180021.html
- Why did the Cabinet Office Rush through Procurement of Controversial Electoral Services Company IDOX Just Before the General Election? / Peter Lilley https://bylinetimes.com/2020/01/07/why-did-cabinet-office-rush-through-procurement-of-controversial-electoral-services-company-idox-just-before-the-general-election/

2020

- Michael Gove / Dominic Cummings - Public First https://www.opendemocracy.net/en/dark-money-investigations/revealed-key-cummings-ally-given-840000-covid-contract-without-competition/
- Feldman / Bettell - Bunzl https://www.ft.com/content/b1659548-7cd0-4626-8406-7b2338d04489
- Samir Jassal - Pharmaceuticals Direct https://www.bbc.co.uk/news/uk-56667960
- Pestfix https://www.cityam.com/government-faces-lawsuit-over-108m-ppe-contract-with-pest-control-firm/
- Ayanda Capital / Liz Truss advisor https://inews.co.uk/news/health/government-ppe-contract-private-equity-tax-haven-494587?ito=social%7Cfacebook%7Cfb_theipaper

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