

Tax and the Labour Manifesto

Synopsis: The Independent says the Labour Manifesto will not announce any tax changes beyond those already revealed.

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The Independent has reported that, in private discussions, Sir Kier Starmer and Rachel Reeves have said that they will not be putting in the Labour Manifesto any tax rises beyond that already trailed. As a reminder these are...

- Levying VAT on private school fees and making the schools liable for business rates (but not removing charitable status);
- Reforming non-domicile tax treatment; and
- Ending the capital gains tax (CGT) treatment of carried interest.

The news is, arguably, no news as the interviews which Rachel Reeves has been giving in recent months have all indicated that Labour's more radical tax plans have been put to one side.

A corollary, evident at the party's conference, is that Labour is looking to economic growth to deliver increased Government revenue. It may also imply some tweaking of the definition of borrowing targets to provide a little wriggle room on additional debt.

Comment

It is a fact of life that promising tax increases is not a winning strategy for a mainstream political party, unless the rises are directed at those (e.g. companies) who have no votes or individuals who are anyway unlikely to vote for the party. However, another reality is that the first Budget after an election is the one which sees the largest tax increases.

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