



## Good Measure Campaign FAQs

### What is Church Action for Tax Justice asking for?

We're asking the Government to commit to two things:

- First, a one-off wealth tax on the richest 1% of individuals in the UK; and
- Second, a commitment to review the tax system, both in terms of plugging the 'loopholes' the very wealthy can use to avoid paying their taxes; and in terms of ensuring a fair interaction of wealth taxes with other taxes that relate to wealth – such as capital gains taxes, inheritance tax. This would be with the aim of introducing ongoing progressive wealth taxes within the near future.

### Why?

Wealth inequality in the UK is high - and the COVID-19 pandemic has only exacerbated inequality that was already deeply entrenched in society. This matters because economic inequality, even more than simple poverty, brings with it a [range of social and other problems](#) – affecting the economy, social cohesion, health and the population's general happiness.

In particular, those whose income comes from work in certain service industries have been poorly served. This includes many of our key workers who, during lockdown, have kept the vulnerable cared for, supermarket shelves stacked, children educated, and bins emptied – often at considerable COVID risk to themselves. Many now find themselves caught in a perfect storm of reduced benefits, increased taxation on their earnings through imminently rising National Insurance Contributions, a cost-of-living crisis and, often, uncertain job security. For some, it's nothing short of a desperate time. We believe it's time we created a tax system that enabled the wealthiest in society to pay their fair share, something a significant number of them are willing to do, and help tackle this growing inequality.

### What is a 'wealth tax'?

Wealth taxes are, as their name suggests, taxes levied on the wealth of individuals. They are usually broad based (i.e. taking into account the totality of an individual's assets), as opposed to being focused on one specific asset type such as property. A number of existing taxes come close to being, or would interact closely with, wealth taxes or otherwise relate to wealth. These include, but aren't limited to:

- inheritance taxes can be regarded as a form of wealth tax levied on transfers between individuals.
- council taxes relate to the value (albeit not necessarily current) of property.
- capital gains taxes are levied on increases in the value of individuals' assets, when these are 'realised'.
- capital income taxes are levied on income arising from capital (assets), such as dividends, as opposed to those from work.

The term net wealth taxes is also used, where the tax is levied not simply on the sum of a person's total wealth – but rather, on their wealth **after deducting any debts they have** (assets minus liabilities).

A **progressive net wealth tax** is a tax levied on individuals' net wealth, which is designed in such a way that it raises more money from the wealthiest people who are subject to it, and less from those less wealthy.

### **Who would it be aimed at?**

We are proposing that such a wealth tax would affect the richest 1% of people in the UK – that's around 672,000 people. To give you an idea of who might be caught by such a tax - the wealth of the richest one per cent of households is more than 230 times that of the poorest 10 per cent, according to analysis from the Office of National Statistics released in January 2022. The top 1 per cent of households have wealth of more than £3.6m each, and they hold 43 per cent of all the wealth in Great Britain. These are the people we are suggesting should be subject to a wealth tax.

**I live in the South East of England and since I bought my property it has rocketed in value. I don't consider myself wealthy but am aware of the wealth I now have in this property. Would I be caught by this tax?**

Potentially, yes. We do believe that property should be included in a person's net wealth. (Of course, if that person has a mortgage on their property, the outstanding mortgage amount would be deducted from their net wealth, as discussed earlier). Under some wealth tax models, people's main residence – their home – would be excluded from any assessment of their wealth. Others include all assets, including homes.

Our proposals would include peoples' homes - but, as we've noted above, we are proposing that only the wealthiest 1% of the population would be affected. This means that a person's combined assets, including their property, would need to total over £3.6m to qualify. In addition, where a house is jointly owned (for example by spouses), one individual would only be assessed as to their share of the value of the property and not the entire value.

## **What does the Bible tell us about wealth and taxation, and why should I, as a Christian, be concerned?**

The Bible has quite a lot to teach us about wealth. It's important to remember that there's nothing in scripture to vilify the possession of wealth *per se*, but managing it fairly – including sharing it, via the payment of our taxes and otherwise – is a strong theme throughout both the Hebrew Scriptures and the New Testament.

In his letter to the Corinthians (2 Cor 8:13-14), Paul reminds those who are well-off to give generously to those who aren't. In case his readers should balk at parting with their wealth, he clarifies why they should not: *"For I do not mean that others should be eased and you burdened, but that as a matter of fairness your abundance at the present time should supply their need, so that their abundance may supply your need, that there may be fairness"*. He does not shame them for their good fortune, but encourages them to seek the riches of a godly life, in part by sharing the riches of this earthly one.

As Christians, we know that we are called to show love for our neighbours (John 13:34, Leviticus 19:18, Luke 6:35) – and especially, to support those who are struggling with difficult circumstances (Acts 20:35, 1 John 3:18). Right now, the poorer in our country are dealing with a 'perfect storm' of rising food and energy prices, imminent increases to NICs levied on their income from work, and all the insecurity and instability that goes with living through a pandemic. These financial and other difficulties are highly stressful, increasing the likelihood of physical and mental health problems.

Paying our taxes is one of the ways in which those of us who are doing comparatively well, can share the abundance God has gifted us with, with those who are struggling. There are other ways too, of course, but the tax system is a core part of our economic system and a way to ensure that wealth is redistributed for a fairer society.

Just a few more of the many examples of scriptural teaching on this subject are:

**Acts 4: 32-35**

**Mark 10: 25**

**Micah 6:8**

### **I am on a low income and am currently facing a rise in my taxes as well as an increase in my household bills. How will a wealth tax help me?**

We believe that the burden of taxation should fall more heavily on the wealthiest among us. For tax increases to be falling on the lower-paid, whilst the richest are shielded, is unjust. We would argue that raising taxes from those best able to pay should mean that the tax bills of the poorer need not be increased (and indeed could actually be cut).

### **If this is such a good method of tackling inequality, why hasn't it already been introduced?**

Wealth taxes can be tricky to administer, as there are challenges in terms of valuing some types of wealth, and in collecting the taxes if that wealth is 'illiquid' – i.e. hard to sell – and the owners do not have cash available. In addition, the richest among us may resort to using tax 'loopholes' - legal or otherwise – to hide their wealth or avoid paying their taxes. However, there are mechanisms to deal with these challenges. It's perhaps more relevant to note that those responsible for setting tax policy, and their allies, are often among the richest in our society themselves – and might therefore be averse to such taxes. That's why we're calling initially for a one-off wealth tax on the top 1% - those who have done so well out of a pandemic that has hit others so hard – along with a commitment to review the tax system as a whole, so as to be in a better position to introduce a workable, enforceable ongoing wealth tax.

### **Wouldn't it be better to focus on raising wages for the poorest?**

We would agree that it's important that people are paid a fair wage for the work they do, and whilst CATJ is not a wage-campaigning organisation, we are supportive of others that do. In the end, both are important!

### **Will this benefit the world's poorest communities (not just in the UK) in any way?**

Perhaps not directly, but a move to a visibly fairer tax system may support calls that we're hearing of for wealth taxes in other countries. And of course greater tax receipts might mean that our Government is in a better position to restore its commitment to Overseas Development Aid, and similar support, to the poorest nations. There is no guarantee of either of these things though – our call for wealth taxes is really about reducing inequality among our own citizens.

### **If there are some wealthy individuals calling for this already, why don't they simply give their money away? Wouldn't it be simpler to encourage more philanthropy rather than more taxes?**

In an ideal world, this might happen. But not every one of them is a Christian, or shares our values, so many might choose not to do so. In addition, of course, whilst philanthropy can be hugely beneficial, the donor is likely to choose causes and recipients which he or she has a particular interest in. Taxes, on the other hand, should be used in ways which benefit society more broadly - or which are at least determined by elected governments, and which are therefore more democratic.

There are, in fact, mechanisms whereby the very wealthy can make voluntary tax payments if they feel moved to do so; but we are calling for legislation which would make it mandatory, and not voluntary.

## **Why are you focusing on wealthy individuals rather than corporate tax avoidance?**

We think both are important, and we do have plenty to say about corporate tax avoidance! But the wealth gap between rich and poor households is currently significant, exacerbated by the pandemic, and inequality carries with it a range of societal problems. That's why we're currently focusing much of our time and energy on these personal taxes at present.

## **Do other countries have a Wealth Tax? Has it worked?**

Some other countries do have wealth taxes; the [Tax Foundation](#) recently commented that of OECD countries, Colombia, France, Norway, Spain, and Switzerland all levy them. Currently there are increasing calls for wealth taxes to be reconsidered in various countries around the world.

**For more information, please contact [cat.jenkins@eccr.org.uk](mailto:cat.jenkins@eccr.org.uk)**