

MINORITY SPORT

HOW POLITICIANS AND THE MEDIA OVERESTIMATE PUBLIC SUPPORT FOR TAX CUTS AND TAX RELIEFS



23 FEBRUARY 2024

New polling shows only one in six Britons want tax cuts and oppose key tax reforms

Results from a nationally representative UK poll of 2,134 adults on 7-9 February 2024 run by Opinium ([full data tables](#))

Is there really a majority in favour of cutting taxes? Our polling suggests otherwise. 64% of Britons (rising to 73% of Conservative voters) support maintaining or increasing taxes. Only 16% support cutting taxes if it means cutting public services.

65% support equalising tax rates on income from wealth with income from work, while 53% support a high earners minimum tax rate of 35% for anyone earning over £100,000 per year. Only 15% of people are opposed to these reforms.

Supporters of reforming business and agricultural reliefs on inheritance tax and of investing more in HMRC's compliance work outnumber opponents by a factor of two to one and three to one respectively.

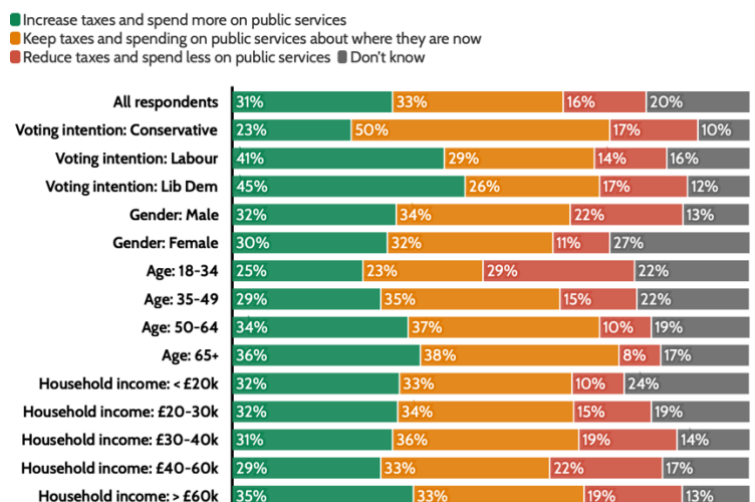


This report is part of our work on **Deep Opportunity**, which argues that we need to tackle the underlying barriers to opportunity - wealth inequality, our unfair tax system and aspects of our democracy - to make progress on issues such as poverty, poor housing and insecure work that undermine the educational prospects of disadvantaged children.

Tax and public services

64% of Britons support keeping taxes as they are (33%) or increasing them (31%), with just 16% wanting tax cuts if it means cutting public services. Even among Conservative voters, the proportion of voters who back tax cuts (17%) is vastly outnumbered by those who want to see public spending and taxes maintained (50%) or even increased (23%). However, young people are notable outliers, with 29% supportive of tax cuts and reduced public spending, compared to 16% across the whole population.

Thinking about the amount of money the government raises in taxes and then spends on public services (such as health and education), do you think they should...

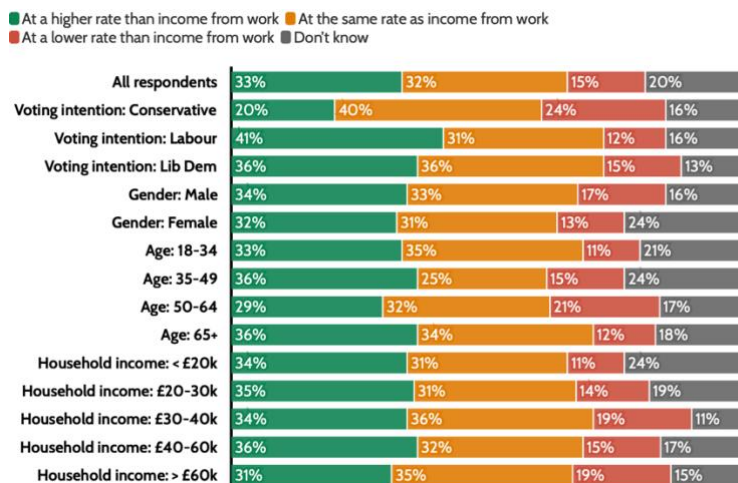


Our take: The answers to this question (taking the first two together) are consistent with recent polling showing that a majority of Britons think government should prioritise spending on public services rather than cutting taxes (while other polling suggests that the public are not averse to government borrowing in order to invest in the economy). There is clearly not a public clamour for tax cuts at all costs. Higher support among young people for tax cuts may be linked to the fact that public spending has been protected in areas they use least, such as health and social care, and that they see fewer direct benefits of many public services.

Tax rates on income from wealth

Two in three people (65%) support reforming capital gains tax so that income from wealth is taxed either at the same rate or at a higher rate than income from work, with only 15% opposed. A strong majority (60%) of Conservative voters support reform, with 24% opposed, while support is even higher among Labour voters (72%). Support is fractionally weaker among people aged 35-64 (61%) than among younger and older people. Household income does not have a strong impact on levels of support, with 66% of people in households with income over £60,000 in favour of reform.

Income from wealth (capital gains tax on profits from things like share trading or property) is taxed at a lower rate than income from work. Do you think that income from wealth should be taxed...

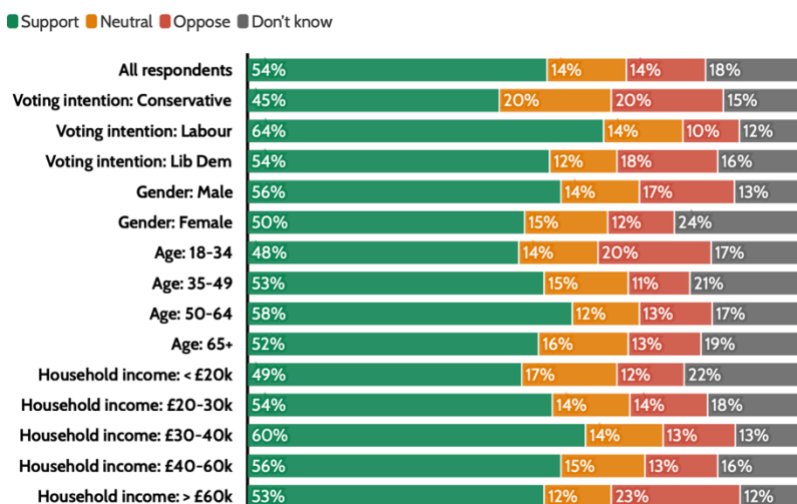


Our take: Polling in recent years has shown consistently high levels of support for taxing income from wealth in line with income from work. For example, [Ben Ansell found](#) 62% support for this policy (including 50% support from Conservatives), and suggested that one reason for this level of support is that people believe that the status quo, whereby income from capital gains is taxed less than income from work, is fundamentally unfair. This has been underlined by [research](#) showing that some people on incomes of £10m per year pay an effective tax rate of just 21%, the same as someone on a median UK income, because much of their income comes in the form of capital gains – a point reinforced when [Rishi Sunak's tax return was published](#) (while [Keir Starmer also benefited from low CGT rates](#)).

A high earners minimum tax rate

A majority support the idea of a minimum effective income tax rate of 35% for people earning over £100k, with only 14% actively opposed. Support is slightly lower among Conservatives (45%), but still much higher than opposition (20%). Two thirds of Labour voters support the proposal. Perhaps surprisingly, under-35s are the least supportive (and most opposed) age group; men are more likely to both support and oppose the policy than women, because more women chose 'don't know'. Support among people with higher household incomes is slightly weaker than among those on lower incomes, but only fractionally, and there is still 53% support for the policy among high-income households.

In the UK, the higher rate of capital gains tax from the sale of assets like shares is 20%. This means someone whose income is mainly from assets will pay a lower tax rate than someone earning income mainly through wages. One proposed solution to increase tax rates on income from assets is to introduce a minimum tax rate of 35% for people earning over £100,000 a year, regardless of the source of their income. Do you support or oppose this idea?

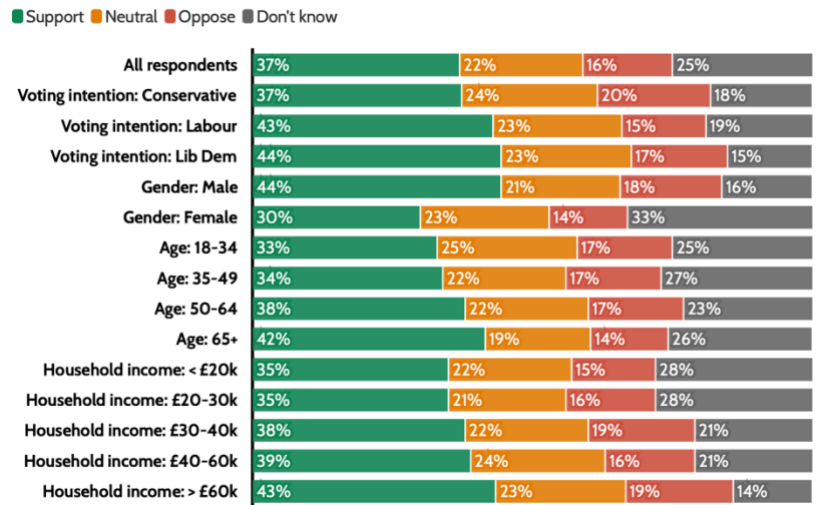


Our take: The policy of a high earners minimum tax rate was [proposed by researchers in 2020](#) as an 'Alternative Minimum Tax', but has not been widely discussed. It would allow people to benefit from specific deductions and reliefs, or lower rates on some kinds of remuneration, while limiting the extent to which any individual can lower their overall tax bill. It is estimated that this could raise this could raise up to £11 billion per year, and it seems that this idea is popular with the public, most likely because it is intuitively fair that those on higher incomes should not pay lower tax rates (especially as most capital gains accrue to a [tiny minority of wealthy people in the south east](#)).

Business and agricultural reliefs on inheritance tax

There is a strong level of net support (i.e. support minus opposition) for these proposals, which is more or less as high among Conservative voters as among the public at large. It is higher still among Labour and Lib Dem voters, as well as those aged over 65 and people on higher incomes. Supporters outnumber opponents by more than two to one overall, and by almost this margin among Conservative voters. It is interesting that support for reforming these reliefs increases both with age and with household income, contrary to what might be expected (although in the case of household incomes, this is driven by fewer ‘don’t knows’ as opposed to fewer opponents).

Currently, some people can reduce their inheritance tax bills by making use of tax reliefs such as the Business Relief and the Agricultural Property Relief, which exempt some assets from inheritance tax. In 2022/23, it is estimated that the government would have collected an additional £1.5 billion from inheritance tax if these two reliefs were not in place. Do you support or oppose proposals to reform these reliefs to reduce their cost to the government?

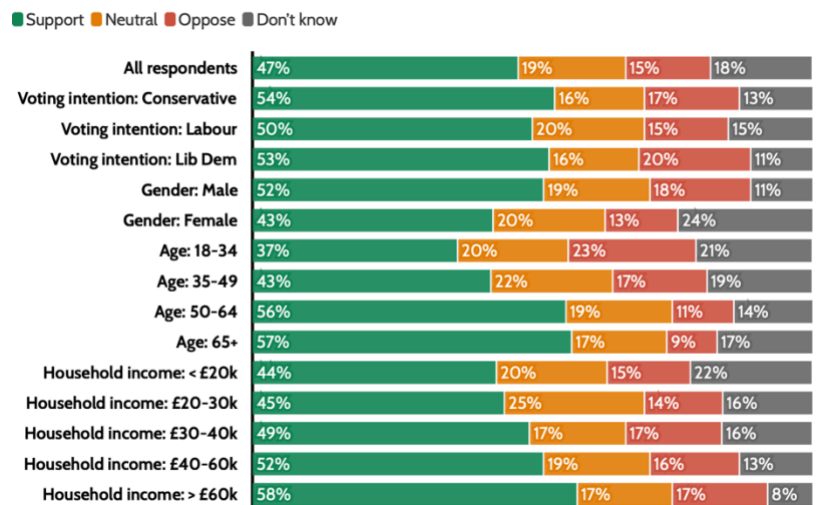


Our take: Responses to this question are likely to be highly sensitive to framing. However, if some people opposed reform on the basis that they thought these reliefs might allow ‘people like them’ to reduce their future inheritance tax bills (not the case, since these reliefs are almost exclusively used by a small number of wealthy people with very large estates), we would expect to see less support for reform among higher earners, which is not what we see in the polling data.

Investing in HM Revenue & Customs

There are high levels of net support for investing in HMRC among all groups. Support is even higher among Conservative voters and the public at large. Once more we see less support – and more opposition – among younger people, and in this case in particular, less support from people on lower incomes (partly due to more answering ‘don’t know’).

HM Revenue & Customs (HMRC) estimate that in the 2021/22 tax year £36 billion of owed tax was still unpaid. Recent data shows that every extra £1 invested in HMRC compliance led to £15 in additional tax being recovered. Do you support or oppose proposals to invest more public money in HMRC compliance?



Our take: We might have expected to see higher levels of support for this proposal, given continuing public anger about tax avoidance and the clear benefits of the policy. That we did not perhaps points to levels of public mistrust, apathy and/or fatalism about the capacity of government to deliver. This is probably not helped by headlines about HMRC failing to investigate tax avoidance by the wealthy, even though these reinforce the need for investment.