DEMOS

THE STORY TO TELL ON TAX RISES

HOW TO GAIN PUBLIC TRUST IN TAX RISES

DAN GOSS

OCTOBER 2025

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ABOUT THIS REPORT

The government is in a seemingly impossible financial spot. In the Autumn Budget it must either cut spending or raise taxes to meet its fiscal rules. Yet, its tax decisions have so far cost it precious political capital, and at the same time it must meet its commitments to improve public services and increase growth.

At Demos, we understand there are no easy choices. We see that the only way through these predicaments is to have open and frank conversations with the public about the choices facing us. Our work on building a ***Citizen Economy*** focuses on ambitious and impactful ways to align the interests of citizens with those of the economy, the growth agenda, employers and the government's fiscal policies. In this context, this report sets out how to convey the importance of tax rises to the public, bring the public along with the needed but tough decisions in the Budget, and in turn help rebuild public trust in the state.

Future work under the Citizen Economy pillar will look at some of the other areas that most affect the fortunes of citizens: the private rental market, lived experience of poverty, work, social mobility and the contribution businesses can make to this agenda.

EXECUTIVE SUMMARY

The stakes for the upcoming Budget are huge. Not only is the government set to need between £20 billion and £50 billion to meet its fiscal rules and restore the headroom, there is also an urgent need to begin rebuilding public trust in the state, which has been eroded by years of economic challenges and political instability.[1] Tough decisions lay ahead.

Tax rises are the economically sensible choice. In the first paper of this project, *Solving the Tax Puzzle*, we made the case for eight **pragmatic, pro-growth tax reforms that could raise around £21.3 billion in 2026/27, without raising headline rates of income tax, NICs or VAT**. The evidence highlighted an opportunity to plug the fiscal hole while making the tax system more efficient, fair and aligned with the public's values.

However, a fragmented and short-form media environment, low public trust in government and the complexity of fiscal policy all make clear communication about tax reform a challenging task. Tax rises impose clear short-term costs often on specific groups, while the benefits are often diffuse and long-term. As such, narratives can form that our political leaders target the vulnerable, harm the economy, or even more cynically, take public money to have more for themselves - as previous Demos research has shown.[2] Failing to engage the public with a positive story is not just a PR fail - it can alienate citizens from the decisions affecting them and entrench mistrust of the state. Looking at last year's tax rises, public scepticism about the 'fiscal black hole' narrative was followed by falling public trust.[3,4] Our democracy suffers as a result.

In the coming Budget, the government needs to deliver not just the right tax reforms, but a clear and compelling rationale which cuts through to the public and gains its confidence. It needs a narrative which aligns with the public's priorities on fairness, efficiency and economic progress, forms a synergy with the tax reforms, and speaks to the tangible change that citizens want and the government can realistically deliver. In relation to both Demos's recommended tax rises and tax rises more broadly - and based on extensive engagement with the public - this paper lays out what that story should look like.

In the coming Budget, the government needs to deliver not just the right tax reforms, but a **clear and compelling rationale** which cuts through to the public and gains its confidence.

1 https://natcen.ac.uk/low-trust-governments-drives-growing-demand-electoral-reform
2 http://demos.co.uk/wp-content/uploads/2023/09/Winning-the-Argument_IHT-Cluster-Report_Final-4.pdf
3 Difford D. Only one in nine Britons think Conservatives left public finances in a good state. YouGov 29 July 2024. https://yougov.co.uk/politics/articles/50199-what-state-do-the-british-public-think-public-finances-are-in
4 https://natcen.ac.uk/news/trust-and-confidence-britains-system-government-record-low

THE DEMOS TAX RISES

Building on our understanding of what the public want from fiscal policy, we engaged with a series of experts to understand options for reforming tax to raise revenue. Tax reforms were evaluated based on how they balanced: (1) raising substantial revenue (with consideration of dynamic effects), (2) alignment with the public's priorities for the tax system, (3) a fair distribution of costs, (4) protection of vulnerable groups, (5) benefits to productivity, growth and other economic objectives, and (6) administrative simplicity.

We identified eight reforms that optimally balance these priorities - laid out in both the next section and the Annex. They involve tackling tax advantages for landlords, partners and investors relative to employees, ensuring high-value properties pay a fair share, and properly taxing the social harms of gambling. Each tax rise not only raises revenue, but has widespread public support and makes the tax system fairer and more transparent.

A MORE OPTIMISTIC VIEW FOR THE BUDGET

Drawing on extensive public engagement, this paper shows that - done well - effective communication about tax is not just about damage limitation, but can actually build public confidence in government. Across focus groups and surveys, we tested a wide series of narratives and frames which provide a clear rationale about why taxes would be increased, align with Demos's principles around the need for national renewal and public service reform, and are relevant to our recommended tax rises and the political and economic context. Using mocked-up BBC articles announcing tax rises at the Budget, we analysed how different narratives shape public engagement, support, and favourability towards the government, as well as the specific words, statements or policies that stood out.

The analysis provides reason for a more optimistic view for the Budget. After reading a mocked-up article with the headline "*Taxes to rise after Chancellor plans to 'slash loopholes and rebalance the tax system'*" alongside detail on the tax rises, the public were likely to engage with the announcement, actually felt positive about the announcement, and were likely to feel more favourable towards the government as a result.

A net **14% of the public felt positive about the announcement**

(around 7.7 million potential voters).[5]

A net **6% would feel more favourable towards the government**

(3.2 million potential voters).

61% would probably or definitely click on the article to read more

(higher than the average across our frames).

5 Population over 16. https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/mid2022

We of course recognise that the government does not directly control how the media frames its policies. Much of the public will engage with counternarratives from critical news outlets. Nevertheless, mock-up BBC articles are a useful proxy for a scenario whereby the government delivers an effective media strategy. While this is no easy task, a consistent message which the public are keen to engage with can help - and our evidence suggests the Close Loopholes and Rebalance Taxes frame constitutes that.

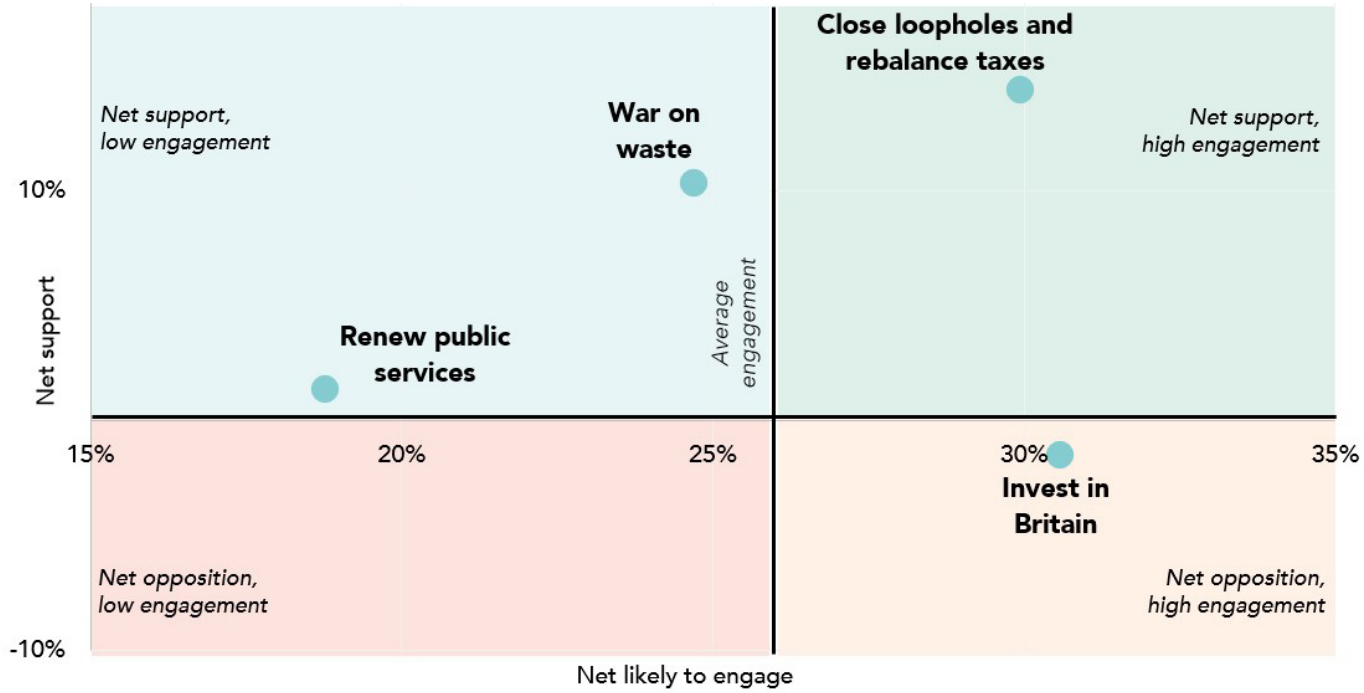
Alongside the *Close Loopholes and Rebalance Taxes* frame, we found that the public would feel positive about the announcement of our recommended tax rises across other frames, including:

1. **A War on Waste frame** - Using tax rises to redirect Britain's public services and infrastructure towards long-term solutions rather than short-term fixes. This attracts net support of 10%, with a net 1% feeling less favourable about the government.
2. **A Renew Public Services frame** - Investing to push waiting lists down, improve local services, boost police on the streets, and address the prisons crisis. This attracts net support of 1%. However, as highlighted in our focus groups, claims about additional public spending - particularly on the NHS - can be seen as generic. Accordingly, this frame attracts a net engagement score at just 19% - compared to the average of 26%.

FIGURE 1

The public would support our tax rises if annouced in the Budget, if framed as renewing public services, driving a war on waste or closing loopholes

Net support for and net likelihood to engage with annoucements on Demos's tax rises, by frame



Given the support across different frames, a successful narrative may draw from a combination of these. This could involve framing the *need for tax rises* as the need to improve efficiency in public spending or improve public services, and framing the *choice of specific tax reforms* as a decision to close loopholes and rebalance the tax system.

THE CLOSE LOOPHOLES AND REBALANCE TAXES FRAME ACCURATELY REFLECTS DEMOS'S RECOMMENDED REFORMS

The 'slash loopholes and rebalance the tax system' message offers a welcome route through notoriously inhospitable terrain for political leaders looking to bring the public along with tough decisions on tax rises. Our research shows there is public appetite for tax reforms that not only raise revenue, but make the system fairer and more transparent: the challenge for the government is to develop the policy that delivers. We believe that the Demos package of tax rises does exactly this.

First, our proposed reforms to raise tax on taxing income from wealth and capital gains are steps towards 'rebalancing the tax system'. These forms of income are undertaxed relative to income from employment. Beyond this, our proposals to raise tax on high-value properties help rebalance a regressive council tax system - which taxes lower value properties at higher effective rates. Our proposals on raising gambling duties help rebalance the tax on forms of gambling which are currently undertaxed (given their social harms) relative to goods like alcohol and tobacco.

Second, on 'closing loopholes', our research suggests the public generally define tax 'loopholes' as opportunities for the well-advised to reduce their tax bills which are not available to individuals without that knowledge of the tax system (in contrast to gaps or ambiguities in tax law). Many of our recommended reforms would successfully close tax loopholes in line with the public's understanding.

Our recommended 'partnership contributions', for example, prevent partnership businesses paying less tax than other businesses by not paying Employer NICs on their workers' wages. The capital gains tax reforms prevent individuals making personal service companies to channel their income into capital gains, benefitting from lower capital gains tax rates. The 'exit tax' prevents individuals moving abroad to pay no capital gains tax on their assets. The public also agrees that these policies address loopholes. In our survey, we found that:

- 51% of people think the current tax gap between partners and employees creates a loophole in the tax system, while just 8% disagreed.
- For the lack of NICs on rental income, 52% say it is a loophole while 8% disagree.
- For the gap between capital gains tax and income tax rates, 39% say it is a loophole and 13% disagree.
- For an exit tax, 53% say it is a loophole and 9% disagree.

Framing our recommended tax policies as changes that 'slash loopholes and rebalance the tax system' is therefore accurate given the public's understanding of these terms.

THE PUBLIC ATTITUDES ENVIRONMENT

A clear and consistent message is essential for communicating tough but needed decisions, like tax rises, to the public. But to go further and rebuild trust in politics, our research shows public appetite for a deeper understanding of the rationale behind, and real-world impact of, tax rises. To do this effectively, political leaders need a close understanding of the public's core assumptions, beliefs, and values about tax. We explored three key questions which the public may ask about tax rises, and how the public approach those.

QUESTION	PUBLIC ATTITUDES	WHAT IT MEANS FOR BRINGING THE PUBLIC ALONG WITH TAX RISES
Why does the government need to raise tax revenue?	While people are frustrated about the state of the economy and understand that the government has faced unforeseen economic challenges, many do not feel this is a good reason for tax rises. People want a much more positive vision of change.	Do not explain tax rises solely in terms of how they respond to economic challenges. Tell a positive story about the tangible impact that tax rises will have on people's lives.
What will the revenue be used for?	To be persuaded that tax revenue will be used well, people say they want a very clear plan about what has gone wrong with previous spending. Also, how the government will change that - with specific and concrete plans, targets, resources and budgets - are important. In terms of specific spending areas, while giving money to the NHS is definitely important for most of the public, many felt tired of hearing about this. Housing and transport are seen as more exciting.	When discussing how tax revenue will be spent, detail the specific resources the revenue will enable, and how that will deliver outcomes for the public. Housing and transport should be particularly emphasised.
Why have they chosen to raise specific taxes, and tax specific groups?	The most compelling rationale for the public about why specific tax reforms are chosen is that they make the system fairer, particularly by closing loopholes. However, the public often sees these claims as generic when not given specific details.	Policymakers should explain the specific tax rises they have chosen in terms of improving fairness and closing loopholes. When doing so, they should consistently provide examples of how reforms will actually deliver that change

We also ran a focus group exclusively with Reform supporters. As a group with much lower levels of trust in the state - including the government, politicians and institutions - and who act on this in their political leaning, Reform supporters are a key group to speak to if we want to rebuild trust in the state.[6] We find that wasted public funds was a ubiquitous concern among the Reform supporters we spoke to. They unanimously wanted a step-change in how the

6 https://yougov.co.uk/society/articles/50459-who-do-britons-trust-to-tell-the-truth

government is run before taxes rise, including less wastage, meeting targets, and accountability for failure. Optimistically, the Reform supporters we spoke to were sympathetic to arguments about investing to improve efficiency, but they needed evidence of how they could trust the government to deliver this. A narrative about how government spending will be used to address 'sticking-plaster politics' and ensure that we can 'get more for less' with our public services could be critical.

TELLING A COMPELLING STORY

The evidence paints an optimistic picture for a Budget shrouded in pessimism. Rather than harming growth or damaging public trust to fill the fiscal hole, the Budget could be an opportunity to rebuild both growth and public trust. To do so, our political leaders need to tell a compelling story - which engages the public, attracts their support, and translates that into greater public confidence in the state - and speak to the public's values and priorities in all of their communications. Emphasising a narrative about closing loopholes and rebalancing the tax system, while understanding and adapting to public concerns about tax and spending, is the pathway to deliver that.

DEMOS RECOMMENDED TAX REFORMS

Below we list Demos's recommended tax reforms, and the revenue raised from each. More detail on the design of these reforms, the economic benefits, and public attitudes to the changes is provided in the Annex.

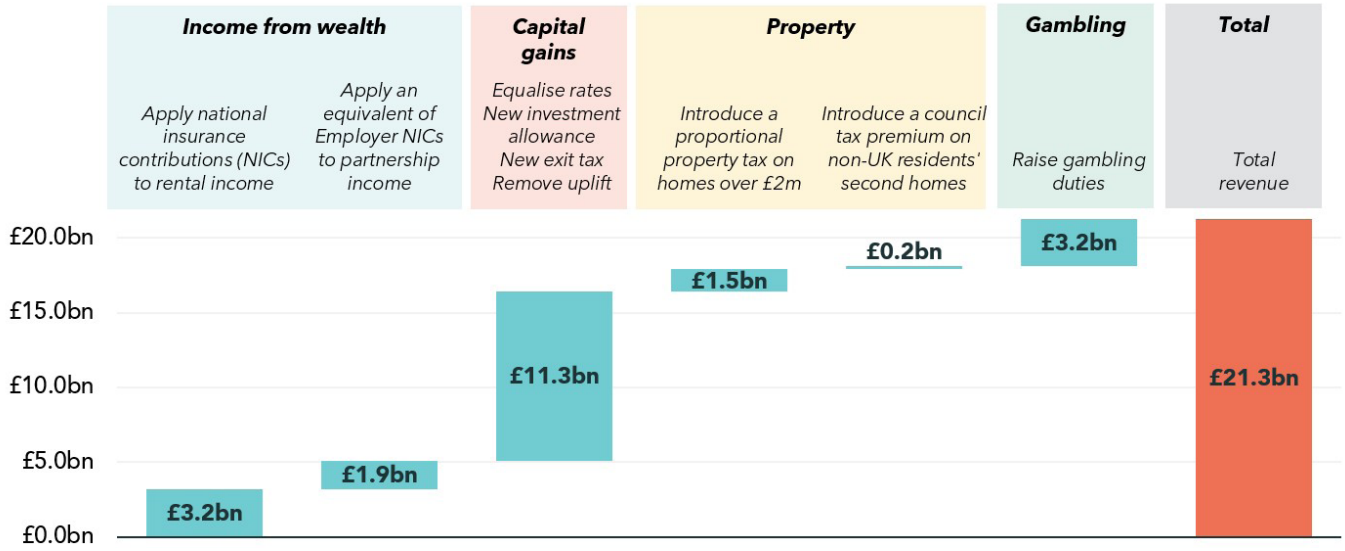
DEMOS RECOMMENDED TAX REFORMS

1. **Income from wealth:**
    a. Apply NICs to rental income (£3.2 billion)
    b. Apply 'partnership contributions' (equivalent to Employer NICs) to partnership income (£1.9 billion)
3. **Capital gains (£11.3 billion)**
    a. Increase the rate of tax on capital gains tax to match income tax, while adding an 'investment' allowance and removing Business Asset Disposal Relief
    b. Apply an exit tax on gains and rebase on arrival
    c. Remove the capital gains tax uplift at death
4. **Properties**
    a. Introduce a proportional property tax on high value properties (£1.5 billion)
    b. Apply council tax premium for second homes owned by non-UK residents (over £0.2 billion)
3. **Gambling**
    a. Raise gambling duties (General Betting Duty, Remote Gaming Duty, and Machine Games Duty on all cash-prize paying slot machines) (£3.2 billion)

FIGURE 2

The recommended package of tax reforms could raise up to £21.3 billion

Static estimated of annual revenue gain, by tax refom



INTRODUCTION

While tax rumours surround almost every Budget, this time is different. With the government firmly locked into its fiscal rules, and with multiple blows to public finances set to undermine its small headroom against those rules, tax rises are almost a necessity. But this is not the only reason why tax rises can be important. From long-term challenges like an ageing population or the Baumol effect (whereby public services become more expensive over time as their productivity gains inevitably lag behind manufacturing productivity gains) to short-term challenges like a need for public investment, tax rises can play a critical role in the path forward. All of those challenges compound the need for tax rises in the upcoming Autumn Budget.

Despite the need for tax rises, with a scrutinising media and low trust in government, conveying their importance and value to the public is not easy. Tax rises impose clear short-term costs often on specific groups, while the benefits are often diffuse, long-term and spread across the economy. Narratives can therefore form that decisionmakers are targeting the vulnerable, harming the economy or even more cynically, stealthily taking public money to have more money for themselves. Previous Demos research - echoed in the findings of this paper - shows that the government is often already perceived as greedy and extractive.[7] Failing to effectively communicate tax rises to the public - communicating a partial and incoherent story, or failing to speak to the public's values and concerns about the tax system - can therefore entrench public mistrust of the state. To mitigate this, decisionmakers need to tell a compelling story about why and how they are raising taxes.

The current government experienced this first-hand last Autumn. Facing a need to raise taxes, they chose to focus on a 'fiscal black hole' which they claimed was left by the previous government. Tax rises were framed as tough, but necessary to fill the hole. Starmer warned "there's a budget coming in October, and it's going to be painful. We have no other choice, given the situation we're in".[8]

Almost a year on from that Budget, and public trust in the state has fallen further.[9] While a range of reasons underlie this trend, the fiscal black hole narrative appears not to have helped. Polling suggests the public did not completely believe the government's narrative, and some Labour MPs suggested it felt too gloomy, according to the BBC.[10,11] Demos's previous research on inheritance tax reforms also suggested that, if the public are to get behind tax rises, they want a sense of the tangible benefits they will see as a result.[12] Fixing an accounting problem which the public were previously unaware of - which is what filling a fiscal hole amounts to - is unlikely to satisfy that.

7 http://demos.co.uk/wp-content/uploads/2023/09/Winning-the-Argument_IHT-Cluster-Report_Final-4.pdf
8 https://www.gov.uk/government/speeches/keir-starmers-speech-on-fixing-the-foundations-of-our-country-27-august-2024
9 https://natcen.ac.uk/low-trust-governments-drives-growing-demand-electoral-reform
10 Difford D. Only one in nine Britons think Conservatives left public finances in a good state. YouGov 29 July 2024. https://yougov.co.uk/politics/articles/50199-what-state-do-the-british-public-think-public-finances-are-in
11 https://www.bbc.co.uk/news/articles/c4gvdz28pelo
12 Goss D. Winning the Argument: How to unlock public support for inheritance taxation. 26 Sep 2023. https://demos.co.uk/research/winning-the-argument/

Starmer's government mirrored the tactics of the 2010 coalition government. When telling a story about its widespread spending cuts, David Cameron's government spoke relentlessly about the need to close the budget deficit, with metaphors about the Labour government before them maxing out the credit card or a household racking up debt. This proved effective, with the public generally seeing the cuts as both necessary and the fault of the last Labour government.[13] But looking to the Starmer government's version - a fiscal hole left by the previous government - former Chancellor George Osborne himself (the architect of the coalition spending cuts) felt this would not be effective: "They've got to somehow set a more positive agenda so that people can say 'I understand why they're cutting the winter fuel payment, because they want to achieve these things'".[14]

Perhaps the mood of the nation was different for Starmer's government last year, or perhaps the coalition government more effectively communicated the benefits of their fiscal policy to the public. Regardless, there is now widespread consensus that tax rises are, again, all but inevitable this Budget, and a better approach is needed. Demos argued that tax rises are the sensible way forward and - with the right reforms - an opportunity to make the system fairer and more economically efficient. The remaining questions are: how can the government ensure the public actually understand the importance of well-designed tax rises? How can they tell a compelling story about why they need to raise taxes, why they have chosen to raise taxes in the way they have, and what it will all mean for the public? In turn, how can they rebuild public trust in the state? This paper answers those questions.

METHODOLOGY

In June, Demos and the project advisory group explored the wide variety of narratives and framing devices on tax which (1) could tell a compelling story about why taxes are being increased and help rebuild public trust, (2) align with Demos's principles around the need for national renewal and public service reform, and (3) are relevant and applicable for the tax rises we recommend and the current political and economic context. Based on this analysis, we developed the following nine frames.

1. **Invest in Britain** - Investing to fix housing and transport in Britain and build growth.
2. **NHS and Social Care Spending** - Investing to radically improve the NHS and social care, with much lower waiting lists and wider access to care services.
3. **Revive Left-Behind Places** - Investing in transport, education, and social care to revive places left-behind by previous governments.
4. **Renew Public Services (spending-focussed)** - Investing to push waiting lists down, improve local services, boost police on the streets, and address the prisons crisis.
5. **Renew Public Services (service demand-focussed)** - More funding is needed because public services are worse than the government previously thought.
6. **Clamp Down on Tax Reliefs** - Clamping down on overly complex and unfair tax reliefs that no longer provide value for money to invest.
7. **Close Loopholes** - Closing a wide series of tax loopholes, which are unfair on working people, to raise revenue to invest in public services.
8. **Responding to Economic Disruption** - Economic disruption from tariffs and geopolitical tensions means that additional tax rises are needed for public services.
9. **Responding to Geopolitical Disruption** - We can no longer take our security for granted, so taxes need to rise to fund defence spending to protect national security.

13 https://yougov.co.uk/politics/articles/13986-conservative-blame-spending-cuts
14 https://www.politico.eu/article/cheer-up-keir-uks-starmer-told-to-lighten-up/

We then ran three focus groups to test a wide series of frames on tax rises: two groups with the general public and one with individuals intending to vote Reform. We chose to specifically engage Reform supporters because this is a group with much lower levels of trust in the state - including the government, politicians and institutions - who are acting on this mistrust in their political leaning.[15] Reform supporters are therefore a key group to speak to if governments are to win back public trust. We tested each frame based on initial reactions, believability and level of interest. We probed on specific aspects of each frame to see which were appealing and which were not, in order to refine the language in the final frames we tested.

Based on the focus groups, we selected the three frames that were received most positively and refined the language to maximise support. Two additional frames were added to this:

- **War on Waste.** This came through as a priority - particularly in the focus group with Reform voters. This frame discussed how "government spending has, for too long, been poor value for money for working people", with the Chancellor promising to tackle this by "redirecting Britain's public services and infrastructure towards long-term solutions rather than short-term fixes".
- **General spending cuts.** This frame was used as a comparator - to understand how tax frames compared to alternative ways to raise revenue. To ensure comparison, it uses the same language as the Invest in Britain frame (e.g. revenue will be used to "invest in our economy" and help "fix Britain's housing, transport and energy") and other frames (e.g. "Extra revenue would also be used to fund the reversals of winter fuel payment cuts and disability benefits cuts"). To avoid presumptions about possible spending cuts, it cited the largest areas of spending as potential targets for cuts - referring to "large cuts to public services in Budget to 'invest in our economy' and 'renew Britain'.... spread across a range of public services or welfare payments, including the NHS, schools, benefit and pension payments, transport, and defence".

Based on this, in the survey, the nationally representative sample was split into groups, with each group shown a different frame. Alongside an additional frame specifically testing increases in broad-based taxes - which is discussed in a subsequent briefing paper - we tested five frames:

1. Invest in Britain
2. Public Service Renewal (spending-focussed)
3. Close Loopholes
4. War on Waste
5. General spending cuts

We then tested three different aspects of participants' responses:

1. **Engagement:** Would you be likely or unlikely to click on this article to read more if you came across it on the news?
2. **Support:** Would you feel positively or negatively about this announcement?
3. **Impact on favourability towards the government:** How would that make you feel about the government?

15 https://yougov.co.uk/society/articles/50459-who-do-britons-trust-to-tell-the-truth

To dig into the specific words, statements or policies that stood out in an announcement, respondents were also asked to highlight the phrases and sentences which they liked or disliked most. This was used to produce heat maps, showing parts of the article driving the most positive or negative sentiment.

THIS PAPER

Section 1 of this paper outlines the general state of public attitudes to narratives about tax rises, including how the public think about three key questions:

1. Why does the government need to raise tax revenue?
2. What will the revenue be used for?
3. Why have they chosen to raise the specific taxes they are raising, and tax the groups they are taxing?

Section 2 outlines the public's favoured tax narrative - a Closing Loopholes and Rebalancing the Tax system frame - and explores its appeal. Section 3 provides an overview of the other frames we tested, looking into the language and phrases that are most and least compelling, and how each frame fared.

Subsequent papers will look at public attitudes to broad-based tax rises - such as income tax or NICs - and the attitudes of small-and-medium-sized businesses (a key group of concern around tax rises, both politically and economically). Further information on our recommended tax reforms is found in the Annex.

SECTION 1
THE PUBLIC ATTITUDES ENVIRONMENT

Communicating tough but needed decisions to the public is challenging, and involves navigating highly unpredictable territory. Political leaders can tell a particular story about the government's choices, but much of the public will only engage through the lens of the wider media and public discourse. That discourse is hard to anticipate or influence, and constantly changing.

To maintain public trust in the state, government communications inevitably have to be adaptive, but also try to cut through the media noise to resonate with the public's assumptions, beliefs and values. This gives ministers, government officials, MPs, or supporters in civil society the best opportunity to convey the importance of tax rises in a way that chimes with the public's priorities.

In this section, we explore the public's assumptions, beliefs, and values about tax and the implications for building a compelling narrative for tax rises. We draw on evidence from across the focus groups, first looking at the nationally-representative groups, and then the group of Reform supporters.

1.1 NATIONAL PUBLIC ATTITUDES

We designed frames and narratives that spoke to three key questions that the public might have about tax rises:

a. Why does the government need to raise tax revenue?

b. What will the revenue be used for?

c. Why have they chosen to raise the specific taxes they are raising, and tax the groups they are taxing?

We discuss how the public approached each of these questions when discussing the frames.

a. Why does the government need to raise tax revenue?

While members of the public we spoke with were frustrated about the state of the economy, many do not feel this is a good reason for the current government to be raising taxes. Many felt that speaking of the UK's current economic problems - with the implication that the problems are not the fault of the current government - is playing blame-games and mudslinging. People were almost never on board with this approach.

> *I don't agree with blaming the previous government. It was fine to do when they took power, but it's coming up to a year of them being in power now. So I think they should now start taking some level of ownership on where the public finances are.*
>
> **– Gen X, graduate, East Midlands, homeowner, Conservative Party**

> *[In response to the Left-Behind Places Frame]: I don't like that at all. It's this government blaming the previous government, saying 'they didn't do the job properly and now we've now got to pick up the pieces'. It comes across a bit childish.*
>
> **– Gen X, post-grad, North West, homeowner, Reform UK**

When presented with frames about how economic disruptions and geopolitical stability had harmed UK finances - and this explains the need for tax rises - some also felt this was too negative. Some described it as using fear, and scare-mongering, rather than providing a positive vision.

> *[In response to frames about economic disruptions and geopolitical stability]: I think it's back to that sort of negative thing again, of trying to get through increases to tax by fear, rather than relying on the good intention in what that money's going to.*
>
> **– Millennial, graduate, Yorkshire and the Humber, homeowner, Green Party**

> *It sounds very, very negative, trying to say that it's dangerous and it's very much scare-mongering.*
>
> **– Millennial, graduate, South East, social renter, Conservative Party**

> *They're both scare tactics because everybody feels unsure …. I think it's a bad way of doing it*
>
> **– Gen X, low education level, South East, homeowner, Reform UK**

While there was some sympathy for the view that the government has faced disruptions outside of their control, this rarely raised support for tax rises. Some agreed that UK finances had faced hits outside the government's control, and on rare occasions this led people to say tax rises could therefore be justified. Much more commonly, it led people to pick holes in the arguments - for example, that disruption is being used as an excuse, that the government is also responsible for the problems, or that government money is available for other things when needed, so why does that rule not apply here.

I do believe the world is more dangerous, and I do believe we have to pay more for our defense. So from that point of view, I think Rachel Reeves is probably speaking to truth.

– Millennial, graduate, London, homeowner, Reform UK

I think the conflicts that are going on now were going on when they took over, and it just seems to be a legitimate excuse to admit they got it wrong, or they hoodwinked us.

– 52, post-grad, North West, homeowner, Reform UK

If the government had not handed out all these millions to these other countries to help with their defenses or wars or whatever going on, maybe they could've used that money to fund the defense for the UK in the first place.

– Gen X, graduate, Yorkshire and the Humber, homeowner, undecided voter

If the world is becoming unsafe, are the British government a completely innocent party in that? No. So how about they take some accountability and actually figure out, instead of taxing people and saying it's justified.

– Millennial, low education level, London, private renter, Reform UK

There's always money to drop more bombs on people, but there's not money to make sure that people that work every day can pay for their bills, like people working full time are going to food banks, but, yeah, let's drop some bombs on the country. There's no perspective. Ultimately, they're going to do what they like, and they'll justify it however they like.

– Millennial, intermediate education, London, private renter, Reform UK

Not only were participants often dissatisfied with explanations of how things have changed for UK finances, the public rarely demanded these explanations when presented with other frames. When presented with frames around what revenue would be spent on, for example, participants almost never asked what had changed from last year that made additional spending necessary now. People generally accepted that the government has to continually make new decisions about tax and spending, and that changes over time.

Many people expressed a desire for a much more positive vision of change - one which moves away from the constant negativity they are hearing on the news.

> *[A more positive frame is] a bit of a change of tack from the constant negatives. It feels like every time you open the news app or a newspaper, it's just negative, negative, negative.*
>
> **– Millennial, graduate, Yorkshire and the Humber, homeowner, Green Party**

b. What will the revenue be used for?

Frames that focussed on what the revenue would be used for and how it would deliver improvements were much preferred to frames which focussed on problems the government faced which meant it needed to raise revenue. People felt these were much clearer and chimed with their own priorities for the country.

> *I think the [frame emphasising spending areas] is much better as well, because it's less vague. It gives you some examples of how the extra spending would help to improve local services, etc.*
>
> **– Gen X, graduate, East Midlands, homeowner, Conservative Party**
>
> *If you read the [frame emphasising spending areas], you would think 'yeah this makes sense, we do need to inject in these areas', whereas the [frame emphasising the need to address problems] is just looking for a row, isn't it?*
>
> **– Gen X, post-grad, Yorkshire and the Humber, homeowner, I am undecided**

To be persuaded that tax revenue will be used well, people say they want a very clear plan about what has gone wrong with previous spending, and how the government will change that. People were very quick to point out when promises were vague or woolly, and this concern often dominated discussions when raised. The challenge for politicians, of course, is how to get the public to actually engage with the details about fiscal policies, particularly given uncertainties about how the media will report on it.

> *I don't think people object as much if you know exactly where your money's going. What you object to is things going up and up and up and having no accountability for where that money's going.*
>
> **– Millenial, graduate, South East, social renter, Conservative Party**
>
> *I think they could really give more specific examples. They give the examples of education, but what exactly in education are they aiming to improve?*
>
> **– Gen Z, post-grad, London, living with parents, Labour Party**

In providing the needed detail, people generally say specific and concrete plans, targets, resources and costings are important. Some felt that Labour had not provided enough plans, and others felt they had not properly costed their policies. Labour have contested such claims, for example saying all promises in their manifesto were fully costed.[16] However, as the IFS pointed out, the scale of change that the government committed to outside of specific policy promises indicated a higher level of spending than the government had accounted for.[17] This reflects how much of the public will not engage with specific policy promises and their costings, but with the general scale of change a government indicates it will deliver. The latter is what a government is often held to account on.

They need to stop being so wooly about what they want to do… 'maybe this, maybe that' is not good enough, and actually they need to be more radical, as other people have said, come up with some innovative ideas and then actually tell us what they going to do by when, and actually deliver on it…. Give us performance indicators and then deliver.

– Millennial, post-grad, South West, homeowner, Green Party

We would need to see something, a plan, an idea, costings, because Labour were very good in having all these promises. But none of them were funded. None of them had numbers… So I think having those costings to know exactly where this money is going to go would make a huge difference to people.

– Boomer, graduate, North East, homeowner, Reform UK

When asked what kind of numbers they thought the government could give to justify more tax, responses focussed on things like the number of new houses or NHS waiting lists. It suggests that better advertising achievements such as NHS waiting lists falling to their lowest level in two years would provide a benefit for policies on tax rises.[18]

In terms of specific spending areas, while giving money to the NHS is definitely important for most of the public, many felt tired of hearing about this. Many expressed how spending on the NHS felt repetitive and did not excite them anymore. They saw governments using NHS spending like a buzzword.

I have to agree about the NHS and social care, I feel like it's just repetition.

– Millennial, graduate, London, homeowner, Reform UK

I think potentially, the public has heard enough about the NHS with more money being pumped into it… I think NHS is my priority… but it's the buzzword all the time about more money being put into the NHS, and nothing seems to change.

– Gen X, graduate, Yorkshire and the Humber, homeowner, I am undecided

16 https://www.bbc.co.uk/news/articles/c844wzmnzjzo
17 https://ifs.org.uk/articles/labour-party-manifesto-initial-response
18 https://www.england.nhs.uk/2025/06/nhs-waiting-list-hits-two-year-low-as-staff-work-to-turn-the-tide/

Compared to the NHS, people often felt more excited about the money going to housing or transport, where commitments felt less repetitive. People spoke more passionately about the problems that exist, particularly with housing, and the urgent need to fix them.

> *The housing, the housing one, I think is one of the most important one. I think that's one of the biggest problems we have, the amount of homeless people and, you know, families that haven't got anywhere to live. And, you know, a massive rents, rent, rent on properties. So I think out of everything, like, I know, like someone said earlier. You know, it also affects the mental health and of people. So I think, personally, that the housing situation is the most important.*
>
> **– Millennial, low education level, Yorkshire and the Humber, social renter, Labour Party**

c. Why have they chosen to raise the specific taxes they are raising, and tax the groups they are taxing?

For explanations of specific tax reforms, the public universally support frames around closing tax reliefs, but often see these claims are generic when not given specific details. People associated this with taxing people with more money, and not working people. However, some people felt that governments regularly make promises around closing loopholes and that they haven't seen any evidence of these happening. People wanted more detail on the specific reforms to be convinced.

> *[To convince me, I need to see] what loopholes they're going to look at. [The frame] says 'loopholes which are unfair on working people'. That says they want to clamp down not on working people, but on the higher up*
>
> **– Millennial, graduate, South East, social renter, Conservative Party**
>
> *This is nothing I've not heard of the past 15 years of the Year from politicians. You know, it's just recycles and, you know, the, you know, like one or two people say, doesn't, never have such changes*
>
> **– Millennial, low education level, Scotland, homeowner, Reform UK**

People are less enthusiastic about 'closing unfair tax reliefs'. There was broad concern that closing tax reliefs could affect working people, pensioners or the self-employed - who they claimed may need tax reliefs. Like with loopholes, people wanted more detail, but approached with more scepticism.

Like tax reliefs are probably going to be things that will impact on more people and more working people. So like, the little bit less tax you pay because you pay into a pension, that is a tax relief.

– Gen X, graduate, Yorkshire and the Humber, homeowner, I am undecided

I don't know what it means by tax relief. As someone who hasn't got prior knowledge, this means nothing to me. The only thing I can think of is the discount that they used for people going to private school, where you wouldn't pay VAT.

– Millennial, graduate, South East, homeowner, Labour Party

Many people explicitly judged the reforms on whether they would personally be affected. When testing our recommended tax reforms, many felt fine with all of them, as they felt the reforms were targeting others, like landlords, partners, or investors. Others felt they would be affected, either directly (e.g. if a landlord) or indirectly (e.g. if costs of the tax rise would be passed on from the taxpayer).

I don't think that would affect me in any way. So, because I'm not in one of these high bands. I don't go out and gamble, and I'm not a landlord, so as just a general person, it doesn't affect me in any way.

– Boomer, graduate, North East, homeowner, Reform UK

It's a rise in tax that's probably going to impact everyone. I mean, they are targeting National Insurance, landlords, partnership businesses, law firms, GPs, etc, tax on gambling. So, yeah, it is targeting a lot. Maybe it doesn't sound as personal.

– Boomer, graduate, North East, homeowner, Reform UK

To be honest, none of it would affect me personally, but for the people that it's going to affect, I would still want to know 'okay, you're generating this much more tax from these people. Where is it going? Is it actually going to benefit the country?' And let the people that will be affected have their say on where that money is going.

– Millennial, intermediate education, London, private renter, Reform UK

1.2 ATTITUDES AMONG REFORM SUPPORTERS

Wasted public funds is a ubiquitous concern among Reform supporters. Reform supporters consistently expressed concern about how public money is used, including around why raise taxes when politicians get paid loads of money, civil servants not working hard enough, money being wasted on failed projects, inefficient government officials guarding their budgets, public funds directed to immigrants and government targets never met.

> *I listened to LBC and they were saying 'should we do a bit like what Donald Trump's done? Start cutting costs here and there'. The truth is, he's trying to reshape everything, because there is a lot of lost money here and there… there's a lot of jobs we're paying for with people who don't do nothing. I've got friends that are civil servants… honestly, you want to see they're flexible working. They love it.*
>
> **– Gen X, post-grad, London, homeowner, Reform UK**
>
> *We've got hotels here where we're just housing people that are coming over on these boats and have to be processed, and they're given this money, and that money, which is all coming from our taxes.*
>
> **– Gen X, low education level, South East, homeowner, Reform UK**
>
> *When Taylor Swift came here a few months back, she got police escort to Wembley Stadium and stuff, and that was paid through the taxpayers.*
>
> **– Gen X, post-grad, London, homeowner, Reform UK**

Many expressed concern about the government breaking promises. While concern about this is seen across the population, Reform supporters particularly emphasise past failures as the fault of 'government' in general - often referring to 'every government' - rather than specific parties or politicians. Many pointed to unrealistic pledges and nothing changing.

> *Each and every government says the same thing, and then nothing happens. And then we're in the same place again.*
>
> **– Gen X, post-grad, London, homeowner, Reform UK**
>
> *They usually give a totally unrealistic time scale as well. For like in 10 years, we'll have fixed this. And obviously governments don't seem to last 10 years these days.*
>
> **– Boomer, graduate, North East, homeowner, Reform UK**

Some Reform supporters saw wider problems in the economy as indicative of government failing, but indicated that better results could make them more sympathetic towards tax rises. Some pointed to failing public services and inflation as evidence that government spending is not working. Some, however, expressed that they could feel better about tax rises if these results were delivered.

If you felt like the taxes are being increased and you could see some sort of evidence that things were going the right way… but you never, ever see any. I mean, trying to get a dentist, it's nigh on impossible.

– Millennial, graduate, London, homeowner, Reform UK

There isn't much to rave about nowadays… and [promises that the government will improve things] are the same statements you hear after every government changes, and it's all well having them in headlines, but there needs to be some evidence or proof for it, or something tangible we can see.

– Millennial, graduate, London, homeowner, Reform UK

Reform supporters often want a step-change in how the government is run before taxes rise. Many felt they would not be persuaded by any explanation of tax rises unless the government shows them that things will be radically different in terms. Specifically, they want the government to demonstrate that the money will come with less wastage, achievement of targets, and accountability for failure - with some expressing desire for a greater say in the decisions of government.

I feel there is so little accountability. We get told all these things, but how do we know where this money really is going? I feel like there's such a divide now between the rich and the poor. The Councils as well; local councils doing things without any sort of input from people... Why are we not being asked more.

– Millennial, graduate, London, homeowner, Reform UK

Reform supporters were sympathetic to arguments about investing to improve efficiency. People were sympathetic to an argument along the lines of "after years of cuts and low investment, our public services are only equipped to put a sticking plaster on problems rather than prevent problems early on, which creates huge wastage. To fix this, we need a short-term investment to get us back on track". People understood and agreed with the logic, some felt it was more optimistic, and some provided examples of preventative interventions which they saw as effective.

Short-term investments are a bit like packing up potholes, aren't they? You put the money in and the potholes always come back. So if you invest a small amount of money and try and get a quick solution to something, quite often the money's wasted… So you need to have a radical change of ideas.

– Boomer, graduate, North East, homeowner, Reform UK

I think it is a better spin than the headlines you showed us in the previous slide, just because I think a bit of optimism wouldn't hurt the country.

– Millennial, graduate, London, homeowner, Reform UK

Teaching people… education through healthy eating, exercise… I agree with what you're saying. There are elements that can be done that would then hopefully ease the pressure on the NHS.

– Millennial, graduate, London, homeowner, Reform UK

The concern about investing to improve efficiency is that people lacked trust in the ability of the government to deliver the change. People felt the government either did not care enough or were not good enough to deliver the change, and felt they wanted more accountability about actual results.

I think [investing to prevent problems] is a much more sensible way of looking at it. I believe that in order to have growth, we need investment… The problem is trusting the people to do it.

– Gen X, post-grad, North West, homeowner, Reform UK

I think that's not a bad idea, but we've got to see results. We've got to see how it's going to be delivered.

– Gen X, post-grad, London, homeowner, Reform UK

While there was little opposition to our recommended tax rises, Reform supporters did have doubts about their effectiveness. Some questioned the ability to raise revenue from our recommended tax reforms and expressed concern about people leaving the country.

I don't feel strongly with regards to any of them specifically, but just generally, it just screams of money coming out of the country as opposed to more tax being generated.

– Millennial, graduate, London, homeowner, Reform UK

1.3 TRENDS CUTTING ACROSS TAX NARRATIVES

Alongside findings from focus groups, our survey testing different frames revealed findings about tax policy and narrative that can be seen across different frames.

Tax policies attract much more attention than the narrative

Across all the frames, levels of both agreement and disagreement were much higher for the tax policies than the surrounding narratives. On average across all frames and policies, the tax reforms were highlighted as points of agreement 29% of the time, and points of disagreement

15% of the time. In contrast, almost all phrases supporting the narrative were agreed with less than 10% of the time, and disagreed with less than 5% of the time.

This emphasises that, while the use of narratives and framing is important, getting the policy right is essential. Our findings in the first paper of this series, *Breaking the Fiscal Deadlock*, provide more detail on how our recommended tax policies would keep the public onside.

The public tend to feel positively about using the extra revenue "to fund the reversals of winter fuel payment cuts and disability benefits cuts."

Part of the reason the government will need additional revenue to meet its fiscal rules is due to recent reversals on cutting winter fuel payments and restricting disability benefits. The revenue that these policies would have raised will no longer be available. It is therefore likely these policy reversals will form part of the narrative around why taxes are being raised in the Budget, so we mentioned them in all of our frames.

Reversing policies as a result of public controversy comes with risks. While the public may have engaged closely with the initial announcement and felt more sceptical about the government and politics as a result, the reversal could get little public attention. This could mean the damage to public trust remains even when the policy is not enacted. However, our polling suggests that, if news on tax rises cites the funding of winter fuel payment and disability benefit reversals, this would attract public attention, and generally attract agreement. Highlighting the use of tax revenue in this way could therefore provide a positive opportunity for the government to raise awareness of these reversals to the public.

Higher tax on gambling and a council tax premium for non-residents' second homes stand out positively, while NICs on rental income, partnership contributions and a proportional property tax over £2 million are most controversial.

Across all our tax policies within the frames, the reforms attracting most agreement were higher tax on gambling (43% agreed on average, while 8% disagreed) and a council tax premium for non-residents' second homes (49% and 10% respectively). The most controversial (i.e. those with high levels of both agreement and disagreement) were:

- NICs on rental income (28% agreed while 20% disagreed)
- Partnership contributions (16% agreed while 22% disagreed)
- A proportional property tax on homes over £2 million (33% agreed while 18% disagreed)

SECTION 2
THE PUBLIC VERDICT ON TAX NARRATIVES

To communicate effectively with the public about tough decisions like tax rises, consistency is key. In a fragmented media landscape, and with the public generally engaging only rarely with political news, it is essential that the messages they get from the government are the right ones - those that most effectively convey the reasons for and benefits of the policy. The question, therefore, is what message can most effectively convey the reasons for and benefits of tax rises?

In this Section, we examine how the frames we tested - those deemed to tell a compelling story about tax rises and potentially rebuild public trust, while supporting Demos's ambitions for national renewal and public service reform - fared in the focus groups and survey. Section 2.1 highlights the public's favoured tax frame - *Closing Loopholes and Rebalancing Taxes* - demonstrating the public's support for it and how it compared to other frames tested in the survey. Following this, Section 2.2 deep dives into the *closing loopholes and rebalancing taxes* frame based on the public's response in focus groups. Section 2.3 discusses whether the *Closing Loopholes and Rebalancing Taxes* narrative is reasonable - is it accurate in terms of the economics and administration of the tax reforms we recommend? Lastly, Section 2.4 provides an overview of public attitudes to the alternative frames we tested, both comparing across frames and individual frames.

2.1 THE PUBLIC'S FAVOURED TAX NARRATIVE

The public supports most of our tested tax frames, and has very strong opposition to general spending cuts

We have seen this year, following attempted cuts to winter fuel payments and disability benefits, the public's resistance in response to certain spending cuts. Our research echoes this sentiment, with net support for the general spending cuts frame at -58%. In comparison, support for our package of tax rises under the designed frames did not fall lower than -1%.

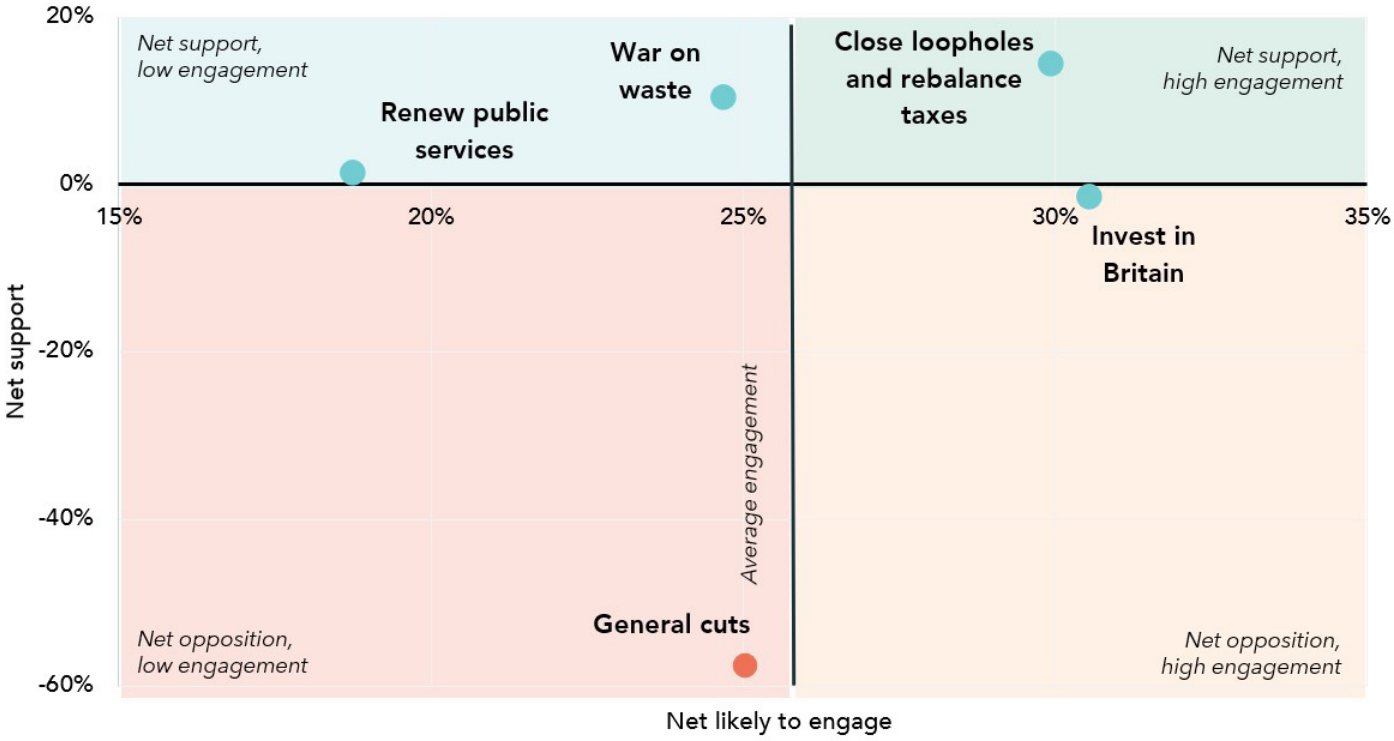
The comparison here is, however, limited. While the narratives for the spending cuts and tax reforms were both designed to attract public support, the same is not true for the policies

themselves. The tax reforms themselves were designed in part to attract public support, while the spending cuts were not. Nevertheless, the huge gap in support reflects how cuts to some of the largest areas of government spending could be vastly more politically costly than our package of tax reforms.

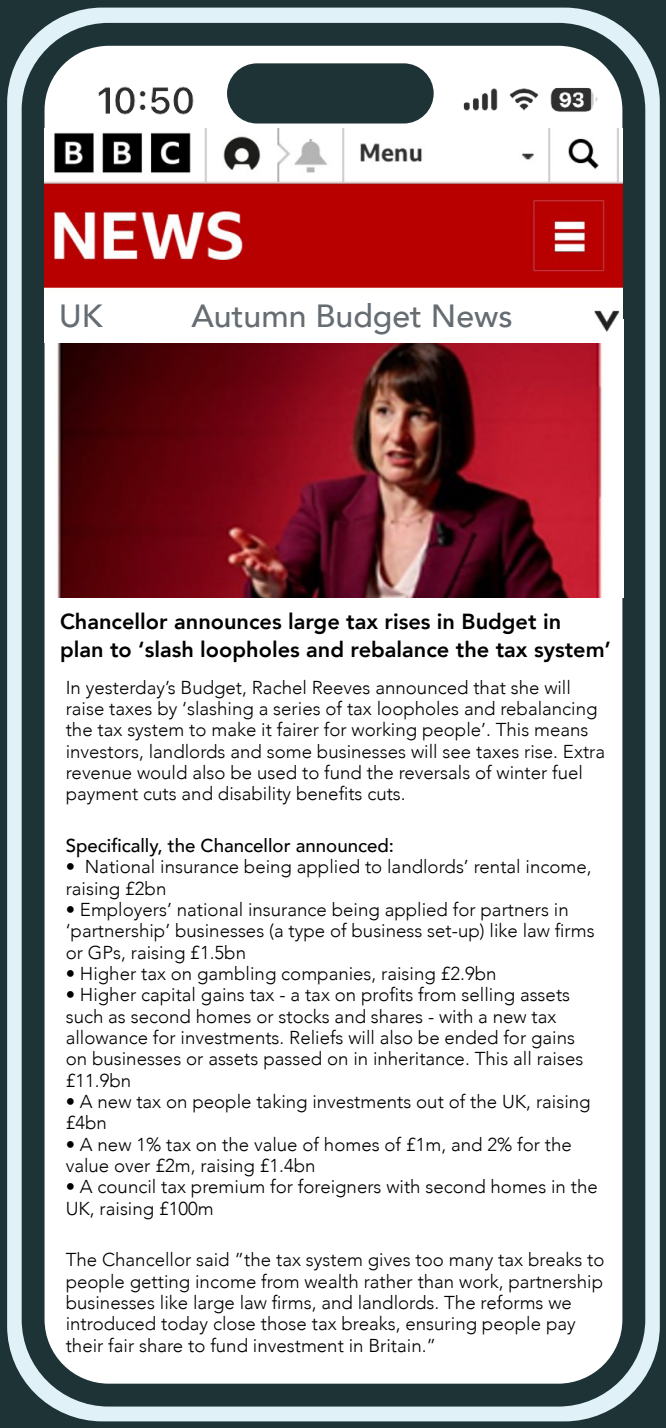
FIGURE 3

Support is much higher for all tax frames than for general spending cuts

Net support and net engagement score for Demos's tax rises and spending cuts, by frame



The *Close Loopholes and Rebalance Taxes* frame receives the highest net support, at **14%**, a high engagement score, and could boost public confidence in the government

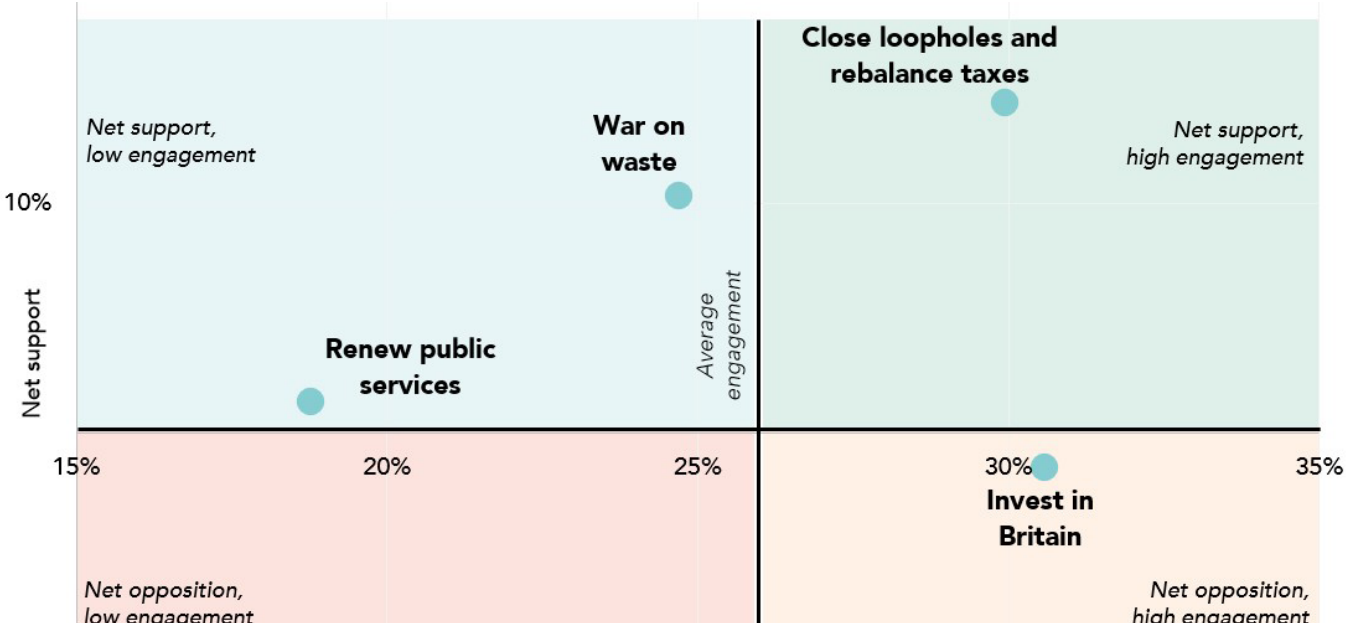


The conversation around plugging the fiscal hole has often focussed on which path will be least damaging to public confidence. Yet, our polling actually finds that the public would, given effective framing, tend to feel positively about the announcement of our package of tax rises. When presented with the *Closing Loopholes and Rebalance Taxes* frame - "Taxes to rise after Chancellor plans to slash loopholes and rebalance the tax system" - 39% say they would feel positively about the announcement, and 29% would feel neither positively nor negatively. Just 24% would feel negatively, including just 9% feeling very negatively. This means the tax rises are associated with a net positivity score of 10%. Rather than harming public confidence in the state to deliver good policy, the reforms could help rebuild it.

FIGURE 4

The public would support our tax rises if announced in the Budget, if framed as renewing public services, driving a war on waste or closing loopholes

Net support for and net likelihood to engage with annoucements on Demos's tax rises, by frame



Alongside backing among members of the public who actually engage with the tax rises and narrative, it is crucial that the message actually gets across to the public. The public needs to be willing to engage. Again, the *Closing Loopholes and Rebalance Taxes* frame shows promise of effectively building public confidence in tax rises. 61% of the public say they would definitely or probably click the article to read more, and just 31% saying they would definitely or probably not - meaning a net engagement score of 30%. This was higher than the average engagement score across all the frames we tested (26%).

Beyond support for the announcement, we at Demos also want to see that support translated into broader public confidence in politics, government and the state. With the *Closing Loopholes and Rebalance Taxes*, we see this potential. When asked, a net 6% of the public say they would feel more favourable towards the government as a result of the announcement - representing around 3.2 million potential voters (population over 16) feeling more favourable.[19] That is no trivial number.

The language that particularly stood out as points of agreement for the public were around tax fairness

The most commonly highlighted phrases in this frame were around making the tax system 'fairer for working people' (9% highlighted) and that 'the tax system gives too many tax breaks to people getting income from wealth rather than work' (average 9%). This reflects our findings noted in the first paper of this project that the public widely support (60%) shifting the tax burden onto income from wealth rather than work.

Beyond its own narrative appeal, the *Closing Loopholes and Rebalance Taxes* frame may also have made the public more likely to highlight the tax reforms as points of agreement rather than as points of disagreement. Under this frame, net agreement for the tax policies averaged 17%, compared to 12-15% for other frames.

19 https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/mid2022

Other frames received generally positive reactions, but not so consistently

Looking at the other frames we tested, we found the following:

War on Waste - Using tax rises to invest and redirect "Britain's public services and infrastructure towards long-term solutions rather than short-term fixes".

We find net support of 10%. However, the net engagement score is lower than the Closing Loopholes frame, at just 25%, and 'a net 1% say they would feel less favourable about the government.

Within this frame, messages that particularly chimed with the public (based on analysis of what was highlighted) were about how 'government spending has, for too long, been poor value for money for working people' and how government will be 'redirecting Britain's public services and infrastructure towards long – term solutions rather than short-term fixes'.

Renew Public Services (spending-focussed) - Investing to push waiting lists down, improve local services, boost police on the streets, and address the prisons crisis.

Given that public service spending is a top priority for the public, one might expect a public service renewal frame to be highly supported and engaged with. However, as highlighted in our focus groups, this is often seen as generic. Accordingly, we see that the frame attracts some net support (+1%), but a low net engagement score at just 19%, and a moderately negative impact on government favourability, with a net 8% saying they would feel less favourable.

Invest in Britain - Investing to fix housing and transport in Britain and build growth.

This was the only frame to attract net opposition, albeit of just -1%. This was somewhat surprising, given how people felt more excited about these areas in focus groups.

Based on analysis of the language that respondents highlighted as points of particular agreement or disagreement, we can see that the specific spending areas listed under this frame (a mixture of specific projects like Northern Powerhouse Rail alongside interventions like the Affordable Homes Programme) received less agreement than counterparts in the other frames we tested. It suggests specific spending commitments in this did not drive support as much as those with, for example, Renew Public Services (spending-focussed), which committed to 'train thousands more GPs and invest in NHS' and put '13000 additional officers and constables into neighbourhoods'. This frame was also associated with more people disagreeing with the tax policies. On average across the different tax policies, 19% highlighted them as areas of disagreement under this frame, while that figure was between 12% and 16% for other frames.

The sense of excitement and interest that we found in focus groups towards housing and transport spending was borne out in the engagement with this frame, as it received the highest net engagement score (31%).

2.2 DEEP DIVE INTO CLOSE LOOPHOLES AND REBALANCE TAXES FRAME

Beyond the analysis in surveys, we can look at how the *Close Loopholes and Rebalance Taxes* frame fared in focus groups to understand the public's response in more detail. Importantly, in this context, the frame was not tested alongside the package of tax reforms. While there was some scepticism about the Close Loopholes frame in the focus groups on the basis that it felt generic if details are not provided, this concern seems to have been mitigated once details on the tax reforms were presented in the survey.

The *Close Loopholes and Rebalance Taxes* frame is supported because it clearly signals that working people will not be affected. Participants expressed how loopholes tended to benefit the wealthy and people prepared to avoid tax, and so this is a fair target for additional taxation over taxing working people. Many contrasted this with tax reliefs, which they felt instead could target working people.

> *Tax loopholes are a known way of people avoiding having to pay tax because they make their domiciliary abroad, or they have something else… it sounds more like it's going to pick up on those people… to affect more of the wealthy.*
>
> **– Millenial, graduate, South East, social renter, Conservative Party**
>
> *From a Labour government point of view, they've got to be seen to be helping the majority of people who are less well off. So I think all of us would probably agree that we don't like tax loopholes which allow multi millionaires to keep more of their money, but we do like tax relief which allow less well off people to actually keep more of their money.*
>
> **– 58, graduate, South East, homeowner, Liberal Democrats**
>
> *[The Closing Loopholes frame] says 'the loopholes which are unfair on working people'. So that sort of says, 'we want to clamp down on those people, not working people, the higher up'.*
>
> **– Millenial, graduate, South East, social renter, Conservative Party**

Beyond concerns about tax loopholes being generic, some were concerned about the impact on deterring investors. People cited wealthy individuals and businesses leaving and how this makes the country poorer. Some also questioned whether the government is willing to close tax loopholes because investors may be providing funding to help them get elected. This demonstrates the lack of trust in governments to tackle these kinds of problems in the tax system, but it also demonstrated an opportunity for the government to prove these assumptions wrong, and perhaps help rebuild that trust.

> *Ultimately it will lead to more people leaving, more businesses leaving, which ultimately makes the UK poorer, which then obviously ties in with quality of life.*
>
> **– Millennial, graduate, London, homeowner, Reform UK**

They always want these loopholes, because the government relies heavily on investors and it revolves heavily on people giving grants. So unfortunately, at the age old, the rich get richer and the poor get poorer, because what they don't want to do is cut down too many of these loopholes and tax reliefs, because ultimately, those are the people. People that give them so much money when it comes to electing or going for government that if they try and push these people away, they're going to lose money.

– Millenial, graduate, South East, social renter, Conservative Party

2.3 IS THE CLOSE LOOPHOLES AND REBALANCE TAXES FRAMING REASONABLE?

While our evidence suggests that political leaders can bring the public along with tough decisions on tax rises by saying they ***'slash loopholes and rebalance the tax system'***, is that an accurate claim? First, on 'rebalancing the tax system', this would apply to all of our recommended reforms. Most of the reforms (barring those on gambling or property) raise tax on income from wealth. As our first report of this project showed, income from wealth is undertaxed relative to income from employment. The policies help shift the balance of tax away from income from work. Alongside this, the policies rebalance tax on high-value properties, which are currently undertaxed due to the regressiveness of council tax. Lastly, raising gambling duties helps rebalance tax on gambling, which currently fails to account for the lack of VAT and social costs of gambling. For more detail on this, see the first paper of this project, *Solving the Tax Puzzle*.[20]

Second, on 'closing loopholes', some may contest whether our tax reforms do this, if defining 'loopholes' as gaps or ambiguities in tax law that can be exploited to reduce tax bills. With applying NICs to rental income, introducing partnership contributions, equalising CGT rates, or introducing an exit tax, these tax advantages do not result from gaps or ambiguities in tax law. They instead come from design choices about how certain types of economic activity (e.g. being a partner, acquiring rental income, acquiring capital gains, or moving abroad) should be taxed advantageously.

Yet, the public do not generally see it that way. Based on our discussions in focus groups, we found that people tended to see loopholes more in terms of whether they allow the well-advised to reduce their tax burden - even if that incentive was intentionally built into the system.

I understand it from the point of view that loopholes within the tax system are if you're self-employed, if you own a corporate or you own a company, there's things that you can do accounting-wise where you can reduce your tax liability.

– Gen X, post-grad, London, homeowner, Reform UK

20 Goss D. Solving the Tax Puzzle: Eight popular, pragmatic, pro-growth tax reforms to plug the fiscal hole. Demos. 29 September 2025. https://demos.co.uk/research/solving-the-tax-puzzle-eight-popular-pragmatic-pro-growth-tax-reforms-to-plug-the-fiscal-hole/

This is not an unreasonable interpretation. We think it is fair to frame these 'loopholes' as problems with the tax system - and how it can be exploited - for multiple reasons:

1. The opportunities to reduce tax bills favour those with more knowledge of the tax system - which in turn favours those with the resources to consult with tax advisers.
2. Many of the opportunities to reduce tax bills lack an explicit justification from the government. For example, the IFS noting that "the government has not stated clearly why it thinks the tax advantage for self-employment should exist" - which in turn benefits partners.
3. Some of the opportunities to reduce tax bills are, to some degree, in tension with the spirit of the tax law. Tax advantages for people setting up personal service companies to receive capital gains rather than income is not a fundamental aim of lower capital gains tax rates, but more a by-product.

Under the public's favoured definition, many aspects of the tax system which our reforms target could be described as 'loopholes'. 'Partnership contributions' target businesses who set up as partnerships so that Employer NICs are not due on their workers' wages. The recommended reforms to capital gains tax target individuals making personal service companies to channel their income into capital gains, benefitting from lower capital gains tax rates. The 'exit tax' targets individuals who move to a country where no capital gains tax is charged to sell their asset. These policies close opportunities for individuals to reduce tax bills which are generally not available to people who lack knowledge of the tax system.

Our survey results provide further evidence that the public agrees with this interpretation. We found that:

- 51% of people think the current tax gap between partners and employees creates a loophole in the tax system, while just 8% disagreed.
- For the lack of NICs on rental income, 52% say it is a loophole while 8% disagree.
- For the gap between capital gains tax and income tax rates, 39% say it is a loophole and 13% disagree.
- For an exit tax, 53% say it is a loophole and 9% disagree.

Framing our recommended tax policies as changes that 'slash loopholes and rebalance the tax system' is therefore accurate given the public's understanding of these terms.

2.4 ATTITUDES TO ALTERNATIVE FRAMES

While we recommend that the government emphasise a *Close Loopholes and Rebalance Taxes* frame, we recognise that this should be combined with or draw on other frames. For insights into public attitudes to these alternative frames, our findings from focus groups on each frame is summarised in the table below.

FRAME	DESCRIPTION	FOCUS GROUP RESPONSE
Invest in Britain	Investing to fix housing and transport in Britain and build growth.	*Invest in Britain* was highly supported. The public widely felt investment in housing and transport was refreshing and highly needed.

FRAME	DESCRIPTION	FOCUS GROUP RESPONSE
NHS and Social Care Spending	Investing to radically improve the NHS and social care, with much lower waiting lists and wider access to care services.	*NHS and Social Care Spending* was supported, although some participants felt it was repetitive and generic - that NHS spending had been so widely discussed and was no longer exciting.
Revive Left-Behind Places	Investing in transport, education, and social care to revive places left-behind by previous governments.	*Revive Left-Behind Places* was not widely supported. Many participants questioned what 'left-behind places' meant, and why they had been left behind. Others saw it as mudslinging against the previous government.
Renew Public Services (spending-focussed)	Investing to push waiting lists down, improve local services, boost police on the streets, and address the prisons crisis.	*Renew Public Services (spending-focussed)* was widely supported. Participants questioned appreciated the specificity of spending commitments, and the forward looking approach.
Renew Public Services (service demand-focussed)	More funding is needed because public services are worse than the government previously thought.	*Renew Public Services (service demand-focussed)* was not widely supported. Participants felt that it was playing the blame-game, while pessimistic and vague.
Clamp Down on Tax Reliefs	Clamping down on overly complex and unfair tax reliefs that no longer provide value-for-money to invest.	*Clamp Down on Tax Reliefs* split opinion. Supporters pointed to reliefs they felt were poor value-for-money. Opponents expressed worry about needed tax reliefs that benefit working people being cut (e.g. relief on pensions).
Responding to Economic Disruption	Economic disruption from tariffs and geopolitical tensions means that additional tax rises are needed for public services.	*Responding to Economic Disruption* split opinion. Some felt this was a reasonable political shift that justified policy change. Others felt it did not offer positive tangible outcomes, and was an easy excuse. Note, focus groups were run in June, nearer in time to Trump's liberation day, meaning this frame may have been a more effective frame in the focus groups than it will be by the Budget.
Responding to Geopolitical Disruption	We can no longer take our security for granted, so taxes need to rise to fund defence spending to protect national security.	*Responding to Geopolitical Disruption* split opinion. Some felt that defence was an important and needed area of spending. Some felt it offered a tangible outcome in the form of security, while others contested this. Some criticised defence spending for various reasons, including wastage, lack of transparency, and use in foreign conflicts.

CONCLUSION

The government faces a dual challenge: a fiscal shortfall requiring decisive action, and a profound crisis of public trust in governments and politics. Addressing the former risks exacerbating the latter - but it need not be that way. While our first paper of this project laid out how pragmatic, pro-growth tax reforms could plug the fiscal hole, the evidence in this paper suggests that these changes, if delivered with a compelling story, could also rebuild public trust in the state.

The government must anchor its communication in a positive and coherent story. The most successful narrative to do so centres on closing loopholes and rebalancing the tax system, with details provided on the reforms which deliver that change. This speaks directly to the deep public's desire for more fairness in the tax system. When presented alongside our recommended policies, it builds on the public's interpretation of what loopholes are - i.e. unfair tax advantages for the well-advised - and effectively conveys how the government will address those.

Given the inevitable criticism that will come with tough but needed tax rises - and the unpredictability of the debate - the government's communication needs to be flexible. In doing so, it must be grounded in a thorough understanding of the public's values and priorities. This means understanding, for example, that vague promises of more NHS funding are met with cynicsm, and that the public - and particularly distrustful groups like Reform supporters - instead demand plans for a change with concrete details. Crucially, to bring along Reform supporters - who most lack trust in the state - the story must be paired with a robust narrative on efficiency and accountability, demonstrating a renewed commitment to value for money and eliminating waste.

The upcoming Budget can be a turning point - the beginning of a new narrative about competent and fair governance that helps rebuild both the nation's finances and the public's eroded trust in the state. Beyond the Budget, the government should build on this, deeply embedding its communications in the public's values, based on a collaborative dialogue that reflects the public's priorities. A renewed sense of trust, optimism and belonging would follow.

The upcoming Budget can be a **turning point** - the beginning of a **new narrative** about competent and fair governance that helps **rebuild both the nation's finances and the public's eroded trust in the state**.

ANNEX 1: TAX RECOMMENDATIONS

PROPOSAL ONE
APPLY NICS TO RENTAL INCOME

Current approach: People earning rental income generally do not need to pay NICs because rent is not 'trading income'.

Recommendation: To match the rates of tax paid on income from employment, the government should create a new class of NICs for rental income, with a basic rate of 20% and a rate above £50,270 of 8%. To meet the pro-growth test and encourage investment in housing, an investment allowance should be introduced, removing tax on any 'normal' returns (those that simply compensate investors for investing their money, and thereby forgoing the opportunity to spend that money in the present).

ANNUAL GAIN ▲ £3.2 BILLION *(static 2026/27 revenue estimate)*

WIDER BENEFITS

Fairness: Would help equalise taxation on employment income and rental income.

Economic efficiency: (1) Broadens neutrality in the tax system (i.e more closely aligns the tax treatment of different form of income), which can have benefits for growth by reducing the incentive to direct economic activity towards what is most tax advantaged and raising the relative incentive to direct activity towards what is most productive, (2) doesn't discourage investment in productive assets, and (3) an investment allowance removes the disincentive that currently exists for landlords to invest.

PUBLIC SURVEY

Low-engagement:
36% support vs
23% oppose

Contextual-engagement:
53% support vs
14% oppose

High-engagement:
40% support vs
24% oppose

FOCUS GROUP INSIGHTS

When learning of the tax gap between rental income and employment income, people see this as unfair, and some see it as a loophole. Policymakers should strongly emphasise the current tax gap, and that this reform makes the system fairer.

People see landlords as being able to pay more tax, but want to protect smaller landlords. Policymakers should highlight the many NICs and income tax allowances that landlords benefit from in the same way that employees do.

While most people do not immediately worry about the impact on rents, the risk of higher rents does concern them once mentioned. Policymakers should emphasise that landlords can generally only charge rent at the going market rate, and the investment allowance means many landlords will also be getting a tax cut.

PROPOSAL TWO
INTRODUCE 'PARTNERSHIP CONTRIBUTIONS' (EMPLOYER NICS-EQUIVALENT)

Current approach: While businesses pay Employer NICs for all employees, businesses set up as 'partnerships' – a legal business structure - do not pay Employer NICs for partners.

Recommendation: The government should add an additional category of Employer NICs to ensure partnership businesses pay the same rate of Employer NICs for their partners as businesses do for their employees.

ANNUAL GAIN ▲

£1.9 BILLION

(static 2026/27 revenue estimate)

WIDER BENEFITS

Fairness: Would help equalise taxation on employment income (which pays higher rates of NICs) and partnership income.

Fiscal and economic efficiency: Extends neutrality in the tax system (by more closely aligning the tax treatment of employees with partners), which can have benefits for growth.

PUBLIC SURVEY

Low-engagement: 26% support vs 16% oppose

Contextual-engagement: 52% support vs 11% oppose

High-engagement: 36% support vs 24% oppose

FOCUS GROUP INSIGHTS

When learning about the tax advantage for partners relative to employees, most people see it as unfair, and some as a loophole. Some are concerned about the impact on smaller partnership businesses, and on employees' wages. Policymakers should emphasise that the employment allowance (a tax allowance for Employer NICs) will protect smaller partnerships, and the revenue could be invested to boost wages. Policymakers should also continually emphasise that the reform is fundamentally about ensuring tax fairness between employees and partners.

When people engage with arguments that GP services may be disrupted by the reform, this becomes a key concern. Potentially directing some of the revenue to support GP pay or GP services could mitigate these concerns.

PROPOSAL THREE

MATCH CGT RATES WITH INCOME TAX AND INTRODUCE AN ALLOWANCE FOR INVESTMENT

Current approach: Capital Gains Tax is charged at lower rates than income tax.

Recommendation: The government should equalise rates of capital gains tax with income tax rates - meaning a 20% marginal rate for basic rate taxpayers, a 40% rate for higher rate taxpayers, and 45% for additional rate taxpayers, with business asset disposal relief and investors' relief both removed. To remove tax on 'normal gains' (which disincentivises investment relative to present consumption), the government should introduce an investment allowance which removes tax on all 'normal gains'.

ANNUAL GAIN ▲

£11.2 BILLION

(static 2019/20 revenue)

£11.3 BILLION

(dynamic 2026/27 revenue if introduced with exit tax and removal of uplift)

WIDER BENEFITS

Fairness: Removes the tax advantage for people receiving capital gains (including people shifting income into capital gains for tax purposes) over those people receiving earned income.

Economic efficiency: Ends the drag on productivity from people shifting employment income into capital gains. The investment allowance also removes the disincentive that currently exists to invest.

PUBLIC SURVEY

Low-engagement: 36% support vs 23% oppose

Contextual-engagement: 40% support vs 18% oppose

FOCUS GROUP INSIGHTS

When CGT is associated with stocks and shares, second homes or rental properties, people generally feel it's a fair tax. Policymakers should highlight that CGT primarily affects these assets.

People feel the gap in CGT and income tax rates should be addressed, and policymakers should emphasise that this policy does so, and stops people shifting income for tax reasons.

People tend to initially support an investment allowance, but are concerned that it advantages larger businesses over smaller businesses. Policymakers should continually emphasise that the rationale for the allowance is to encourage investment and boost jobs and wages.

PROPOSAL FOUR
INTRODUCE AN 'EXIT TAX' ON PEOPLE TAKING INVESTMENTS OUT THE UK

Current approach: If a UK resident leaves the country, their assets are only liable for UK CGT if sold within the following five years. Equally, if an individual becomes resident in the UK, all their assets become liable to CGT (although there is a policy of 'rebasing' for foreign assets).

Recommendation: The government should rebase capital gains when individuals become residents in the UK, meaning only gains made from that point count towards CGT. At the same time, they should introduce an 'exit tax', so that when an individual leaves the UK to become resident elsewhere, all gains acquired while they were a UK resident are taxed (whether realised or not). Individuals would therefore get taxed for all, and only, those capital gains that occurred while they were resident in the UK.

ANNUAL GAIN ▲

£3.8 BILLION

(static 2019/20 revenue if delivered with equalised CGT rates, investment allowance and removal of the CGT uplift)

WIDER BENEFITS

Fairness: Would reduce the ability for the internationally mobile to avoid CGT.

Fiscal and economic benefits: Would reduce tendency for high-net worth individuals to emigrate in response to tax changes.

Economic efficiency: Would remove the distortionary incentive to hold onto assets with gains until after leaving the UK.

International alignment: Would bring the UK in line with many international competitors.

PUBLIC SURVEY

Low-engagement: 56% support vs 14% oppose

Contextual-engagement: 60% support vs 10% oppose

High-engagement: 46% support vs 19% oppose

FOCUS GROUP INSIGHTS

While there was widespread enthusiasm about an exit tax, there were concerns that it would be very easy to avoid, though these were mitigated when it was highlighted that many peer countries already have exit taxes. Policymakers should repeatedly highlight the many peer countries of the UK who have exit taxes and run successful economies.

There are principle-based concerns that: (1) it's unfair to tax assets which were bought before the owner came to the UK and sold after they left, or (2) that it is wrong to tax people who no longer live in the UK, or (3) people should have the freedom to move to different countries to reduce tax. Policymakers should emphasise that (1) the profit that individuals accrue while living in the UK should be taxed

in the UK, and the new policy of rebasing capital gains means gains before arriving are never taxed, (2) people are effectively taxed when they exit rather than after they leave, and (3) people moving their wealth to another country means they avoid a tax that others have to pay, and it is only fair that they pay that tax.

There is some concern about the impact on families who, for example, retire to another country in later years. Policymakers should emphasise that the exit tax will not apply to UK property, and they should consider introducing a threshold of £1 million.

PROPOSAL FIVE

END THE 'UPLIFT' IN CAPITAL GAINS ON INHERITED ASSETS

Current approach: Capital gains are currently rebased at death for tax purposes. This means that, if an asset is passed on in inheritance, the capital gains accrued up to that point do not count towards capital gains tax when the asset is sold. This is called the 'uplift' in capital gains at death.

Recommendation: The government should end the uplift. When an inherited asset is sold, capital gains tax would apply to all gains since the asset was purchased, including those before the asset was passed on in inheritance.

ANNUAL GAIN ▲

£0.7 BILLION

(static 2019/20 revenue if delivered with equalised CGT rates, investment allowance and exit tax)

WIDER BENEFITS

Fairness: Removes the situation whereby someone may sell an asset and pay significant CGT while someone else can sell the same asset with the same capital gains, but pay no CGT because they recently inherited the asset.

Economic efficiency: Removes the distortive incentive that currently exists for people to hold onto assets until they die.

PUBLIC SURVEY

Contextual-engagement: 30% support vs 25% oppose

High-engagement: 46% support vs 19% oppose

FOCUS GROUP INSIGHTS

There are concerns that removing the uplift would add to the problem of double taxation that inheritance tax already creates. Policymakers should emphasise that tax is not paid on inheritance, but a tax on the profits when people sell assets - and that this change would make the system fairer by ending tax advantages for people who inherited their assets

Public concern about this policy is reduced when hearing how capital gains are primarily skewed towards certain assets and wealthy individuals. Policymakers should emphasise that CGT does not apply to main homes, pensions and savings.

PROPOSAL SIX
INTRODUCE A PROPORTIONAL PROPERTY TAX ON HIGH VALUE PROPERTIES

Current approach: The UK's only recurrent property tax is council tax, which is based on house values from 1991, is highly regressive (such that a £1 million house pays just three times more than a £100,000 house on average), and affects renters (who generally have no housing wealth) as much as homeowners.

Recommendation: The government should introduce a new tax which is proportional to property prices, charged at 1% on the value of property wealth between £2 million and £3 million and 2% above £3 million.

ANNUAL GAIN ▲

£1.5 BILLION

(static 2026/27 revenue estimate)

WIDER BENEFITS

Fairness: Makes property taxation in the UK less regressive, which currently disadvantages those in less valuable houses and in certain regions

Economic efficiency: Reduced regressivity in property taxation reduces the incentives from council tax regressiveness for developers to build more high-value properties, mitigating distortions in the market

Expands use of efficient taxes: Expands taxation on housing property, which is widely seen as one of the most efficient forms of taxation because (1) behavioural responses are low, (2) it creates little disincentive to work or save and (3) it partly function as taxing the recipient of positive externalities from local public services, (reducing distortions from public spending). It is also a step towards a more comprehensive proportional property tax, which would be much more efficient.

PUBLIC SURVEY

Low-engagement:
60% support vs
12% oppose

FOCUS GROUP INSIGHTS

Most people are supportive of this policy on the basis that it clearly would not apply to them, and those with homes over £2 million are able to pay. Policymakers should spotlight the thresholds of this tax. Linking the threshold to rising property prices would quell concerns that people may get pulled into the tax by house price inflation

There are some concerns about the ability of people in particular circumstances to pay this tax (e.g. inheritors or asset-rich cash-poor). Policymakers could ensure safeguards for people who may struggle to pay the tax due to low access to cash (e.g. allow basic rate taxpayers to pay when the house is sold or inherited).

PROPOSAL SEVEN

APPLY A 200% COUNCIL TAX PREMIUM FOR SECOND HOMES OWNED BY NON-UK RESIDENTS

Current approach: The second homes premium allows English councils to charge a council tax premium of up to 100% on second homes (up to 200% of the normal bill). The empty homes premium goes higher than that, adding between 100% and 400% to council tax bills.

Recommendation: To match treatment of empty homes, the government should apply an additional 200% premium to second homes owned by non-UK residents, on top of the existing second home premium. This would mean bills on second homes worth 400% of the usual bill. For empty homes owned by non-UK residents, bills would be up to 600% of the usual bill.

ANNUAL GAIN ▲

OVER £200 MILLION

WIDER BENEFITS

Potential reduction in house prices: Discourages purchase of investment properties, which can contribute to higher house prices. Taxes in Vancouver and Toronto on property owned by non-residents were associated with short-term falls in house prices

SURVEY RESPONSE

Low-engagement: 65% support vs 9% oppose

FOCUS GROUP INSIGHTS

There is broad support for the reform, particularly because it could reduce house prices. Policymakers should emphasise how similar policies in Canada have been associated with reduced house prices and an increased number of new houses.

PROPOSAL EIGHT
RAISE GAMBLING DUTIES

Current approach: Gambling faces specific gambling duties (which vary for different types of gambling) which are intended to account for the fact that no VAT is applied to gambling, for the external health and social costs, and in the case of remote gambling, for the low corporate tax which is often charged. However, the current duties are inadequate for serving all of these roles.

Recommendation: The government should increase General Betting Duty (from 15% to 25%, excluding horse race bets), Remote Gaming Duty (from 21% to 50%), and Machine Games Duty on all cash-prize paying slot machines (from 20% to 50%).

ANNUAL GAIN ▲

£3.2 BILLION

(static 2026/27 revenue estimate)

WIDER BENEFITS

Health and social benefits: Would discourage gambling, reducing associated health problems, social issues, and crime.

Fiscal benefits: Would reduce the fiscal costs of gambling due to poor health, crime and welfare, which are estimated at between £1.4 billion and £7.2 billion annually.[7]

Opportunity mission: Particularly reduces health and social costs in deprived areas, where gambling harms are highest.

SURVEY RESPONSE

When asked to select tax policies the government should prioritise, three quarters put duty on gambling firms in their top three - higher than duties on alcohol, tobacco or fuel. 52% also support increasing tax on online gambling.

ANNEX 2
FRAMES

Below we show the results of the highlighting tool, whereby the public were asked to highlight parts of each frame that they agreed with and disagreed with.

GENERAL CUTS

AGREEMENT

Chancellor announces large cuts to public service spending in Budget to 'invest in our economy' and 'renew Britain'

In yesterday's Budget, Rachel Reeves said that recent investments are starting to help fix Britain's housing, transport and energy, but that an extra round of investment is needed for full renewal. Extra revenue would also be used to fund the reversals of winter fuel payment cuts and disability benefits cuts.

To fund this, the Chancellor announced cuts that will be spread across a range of public services or welfare payments, including the NHS, schools, benefit and pension payments, transport, and defence.

DISAGREEMENT

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INVEST IN BRITAIN

AGREEMENT

Chancellor announces large tax rises in Budget to 'invest in our economy' and 'renew Britain'

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AGREEMENT

- National insurance being applied to landlords' rental income, raising £2 billion
- Employers' national insurance being applied for partners in 'partnership' businesses (a type of business set-up) like law firms or GPs, raising £1.5 billion
- Higher tax on gambling companies, raising £2.9 billion
- Higher capital gains tax - a tax on profits from selling assets such as second homes or stocks and shares - with a new tax allowance for investments. Reliefs will also be ended for gains on businesses or assets passed on in inheritance. This all raises £11.9 billion
- A new 'exit tax' on people taking investments out of the UK, raising £4bn
- A new 1% tax on the value of homes over £1 million, and 2% over £2 million, raising £1.4 billion
- A council tax premium for foreigners with second homes in the UK, raising £100 million

The Chancellor said that she will use the tax revenue to invest billions in housing, including through investing in the government's Affordable Homes Programme, with a focus on social rents. There will also be investments in improving railways, including in Northern Powerhouse Rail connecting northern cities, Midlands Rail Hub connecting Birmingham, the West Midlands and Wales, East-West rail to connect Oxford and Cambridge, and railways in Wales. She will also invest in local transport like buses and cycle lanes. Lastly, she will invest in energy, including in the Sizewell C nuclear plant, which the government says will produce the energy to power six million homes and support more than 10000 jobs.

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Chancellor announces large tax rises in Budget to 'invest in our economy' and 'renew Britain'

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CLOSING LOOPHOLES

AGREEMENT

Taxes to rise after Chancellor plans to slash loopholes and rebalance the tax system

In yesterday's Budget, Rachel Reeves announced that she will raise taxes by slashing a series of tax loopholes and rebalancing the tax system to make it fairer for working people. This means investors, landlords and some businesses will see taxes rise. Extra revenue would also be used to fund the reversals of winter fuel payment cuts and disability benefits cuts.

Specifically, the Chancellor announced:

- National insurance being applied to landlords rental income, raising £2 billion
- Employers national insurance being applied for partners in partnership businesses (a type of business set-up) like law firms or GPs, raising £1.5 billion
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- A council tax premium for foreigners with second homes in the UK, raising £100 million

The Chancellor said the tax system gives too many tax breaks to people getting income from wealth rather than work, partnership businesses like large law firms, and landlords. The reforms we introduced today close those tax breaks, ensuring people pay their fair share to fund investment in Britain.

DISAGREEMENT

Taxes to rise after Chancellor plans to 'slash loopholes and rebalance the tax system'

In yesterday's Budget, Rachel Reeves announced that she will raise taxes by 'slashing a series of tax loopholes and rebalancing the tax system to make it fairer for working people.' This means investors, landlords and some businesses will see taxes rise. Extra revenue would also be used to fund the reversals of winter fuel payment cuts and disability benefits cuts. Specifically, the Chancellor announced:

DISAGREEMENT

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The Chancellor said 'the tax system gives too many tax breaks to people getting in come from wealth rather than work, partnership businesses like large law firms, and landlords. The reforms we introduced today close those tax breaks, ensuring people pay their fair share to fund investment in Britain.'

PUBLIC SERVICE RENEWAL (SPENDING-FOCUSSED)

AGREEMENT

Chancellor announces large tax rises in Budget to renew Britain's public services

Rachel Reeves says that while public services are improving, another injection of funding is needed to boost progress. She says that extra spending would be used to push NHS waiting lists down, improve local services, boost police on the streets, and address the prisons crisis. Extra revenue would also be used to fund the reversals of winter fuel payment cuts and disability benefits cuts.

To fund the investment, the Chancellor announced tax rises which she said are designed to make the system fairer for working people:

- National insurance being applied to landlords' rental income, raising £2 billion
- Employers' national insurance being applied for partners in partnership businesses (a type of business set-up) like law firms or GPs, raising £1.5 billion
- Higher tax on gambling companies, raising £2.9 billion
- Higher capital gains tax - a tax on profits from selling assets such as second homes or stocks and shares - with a new tax allowance for investments. Reliefs will also be ended for gains on businesses or assets passed on in inheritance. This all raises £11.9 billion
- A new exit taxon people taking investments out of the UK, raising £4 billion
- A new 1% tax on the value of homes over £1 million, and 2% over £2 million, raising £1.4 billion
- A council tax premium for foreigners with second homes in the UK, raising £100 million

AGREEMENT

On the NHS, the Chancellor said that she will use the tax revenue to, for example, train thousands more GPs and invest in NHS technology to bring our analogue health system into the digital age. For local areas, she said funding would be used to improve parks, youth facilities, swimming pools and libraries, supporting councils to fight back against graffiti and fly-tipping. On police, she said they would invest to reach their commitment of putting '13000 additional officers and constables into neighbourhoods'.

DISAGREEMENT

Chancellor announces large tax rises in Budget 'to renew Britain's public services'

Rachel Reeves says that while public services are improving, another injection of funding is needed to boost progress. She says that extra spending would be used to push NHS waiting lists down, improve local services, boost police on the streets, and address the prisons crisis. Extra revenue would also be used to fund the reversals of winter fuel payment cuts and disability benefits cuts.

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WAR ON WASTE

AGREEMENT

Chancellor announces large tax rises in Budget in order to drive war on government waste

In yesterday's Budget, Rachel Reeves argued that government spending has, for too long, been poor value for money for working people. She says she will tackle this by redirecting Britain's public services and infrastructure towards long – term solutions rather than short-term fixes, but that tax rises are needed to invest in that. Extra revenue would also be used to fund the reversals of winter fuel payment cuts and disability benefits cuts. To fund the investment, the Chancellor announced tax rises which she said are designed to make the system fairer for working people:

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The Chancellor said that she will use the tax revenue to invest in public services that prevent problems rather than just responding to problems, which is wasteful and inefficient. She announced investment in children's social care, which she argued would break the cycle of late intervention which drives up costs for care services later in life. She also announced investment in technology across public services and infrastructure to bring analogue government systems into the digital age and improve efficiency and cut costs. At the same time, the Chancellor promises to continue efforts to cut spending where it is not being used efficiently, with a greater role expected from the government's Office for Value for Money. Actions will include cutting staff and downsizing government buildings.

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DEMOS

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At a crossroads in Britain's history, we need ideas for renewal, reconnection and the restoration of hope. Challenges from populism to climate change remain unsolved, and a technological revolution dawns, but the centre of politics has been intellectually paralysed. Demos will change that. We can counter the impossible promises of the political extremes, and challenge despair – by bringing to life an aspirational narrative about the future of Britain that is rooted in the hopes and ambitions of people from across our country.

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