



# What's wealth got to do with it?

Attitudes on public spending,  
wealth and tax

## About Tax Justice UK

Tax Justice UK is a campaigning and advocacy organisation. Our mission is to ensure that everyone in the UK benefits from a fair and effective tax system. We are not-for-profit and politically non-aligned. Tax Justice UK is a partner of (but independent from) the Tax Justice Network.

For more information visit: [www.taxjustice.uk](http://www.taxjustice.uk).

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## Summary

The Conservative Party's 80 seat majority owes much to its success in winning former Labour strongholds across the north of England, the Midlands and Wales. The Prime Minister has promised to "level up" these regions with increased investment.

Tax Justice UK and Survation held seven focus groups across the country to hear voters' views on the election, the state of public services and the role that taxes on wealth could play in supporting government spending. We visited three newly Conservative seats in Blyth, Bury and Wrexham, as well as other areas across England.

The upcoming budget is an opportunity for Boris Johnson to demonstrate that he is listening to his new voters, many of whom reluctantly voted Conservative for the first time and want to see greater public spending.

### Our research found:

1. People want to see more public spending and are open to higher taxes on wealth to help fund this. No one we spoke to called for tax cuts.
2. There was strong support for ensuring that income from wealth is taxed at the same level as income from work. Increasing capital gains tax would achieve this.
3. There was more qualified support for reducing pension tax relief on the highest earners and adding more council tax bands for the most expensive houses.
4. Whilst it's possible to make the case for more progressive taxation, the public was put off by language bashing the rich.
5. People are deeply skeptical about whether politicians will deliver on their promises. There was little enthusiasm for either Labour or the Conservatives.

The government has ruled out increases to income tax, National Insurance or VAT. Yet if the Prime Minister is going to meet his own fiscal target, it is likely that tax rises will be needed. Pre-budget leaks suggest that the Treasury is considering a range of taxes on wealth, including changes to taxes on property, pension tax relief, inheritance tax and capital gains tax. Our findings show that some increases in taxes on wealth would be popular with the electorate, especially if they aren't framed as bashing the well-off.

The UK is a rich country, but this wealth is very unevenly spread. Wealth, such as land, shares and property are lightly taxed. The current approach gives an advantage to those who live off their wealth, as opposed to those who work for a living. With increasing pressure on public services, and worryingly high levels of inequality, Tax Justice UK is [calling](#) on politicians to increase taxes on wealth.

Whilst many participants said that Brexit dominated the 2019 election, focus will now be on whether the government delivers on public spending promises and voters can see tangible evidence that "austerity is over".

At the same time the Labour Party is in the midst of a leadership election. Our findings show that voters are desperate for higher public spending and are open to increased taxes on the well off. However, for now, messages that target the rich are going down badly.

Focus groups can provide valuable insights into how people think about key issues of the day and what messages resonate the most with the public. However, for us as campaigners it's important to see the results as a starting point rather than the limits of what we advocate for. This research will help Tax Justice UK, and our allies, make the strongest case possible for progressive tax reform.

This is the first report of a longer project. After the Budget we will publish our final conclusions. This second report will look at what are the most successful messages to use when persuading the public to support higher taxes on wealth.

## What we did

Tax Justice UK wanted to understand public attitudes on taxation. With the research company Survation we held seven focus groups across the UK. We set out to answer the following questions:

- How did people feel about wealth and inequality against the backdrop of the 2019 election?
- What were peoples' attitudes towards the state of public services?
- How did people feel about tax?
- Did people support increased taxes on wealth to help fund government spending?
- What is the most effective way of communicating these issues?

For the first stage, we held two three-hour focus groups in Long Eaton and London in December 2019 (one before and one after the election). For the second stage, we ran five two-hour groups in Blyth Valley, Bury, Wrexham, Reading and London in January 2020. In each focus group we had a mix of Labour and Conservative voters. For the second stage groups we included at least two people who had voted Conservative for the first time.



As part of the sessions we asked open ended questions about politics, inequality, wealth and tax. The bulk of UK household wealth is made up of property, pensions and financial assets. To understand voters' views on how these three types of assets are taxed, we asked about specific changes to capital gains tax, council tax and pension tax relief.

For the final stage of this project we will carry out two further focus groups and a large poll to understand what messages resonate the most.

The project has been supported by an advisory group made up of academics, policy experts and communications specialists. We are particularly grateful to the Sheffield Political Economy Research Institute (SPERI), which has provided advice from the project's conception.

## The political landscape

Boris Johnson decisively won the December 2019 election, bringing to power the first government with a sizable majority in almost a decade. Brexit dominated the political debate and our focus groups reflected this.

*I voted to remain but in the end it was just like that was the decision so we're leaving the EU, get on with it – Conservative voter, London*

The [Prime Minister has talked](#) about being “lent votes” from traditional Labour supporters. Our research confirms this, with many voters in “red wall” areas describing their decision to vote Conservative for the first time as the “lesser of two evils”. Neither Boris Johnson nor Jeremy Corbyn were well liked.

*I felt terrible the next day, did I do the right thing – Conservative voter, Blyth Valley*

*I struggled between Boris Johnson and Jeremy Corbyn that they are the best two people – I don't particularly like either of them but there was no way I was voting for Corbyn. I just don't agree with him as a person. There is just no way. Boris Johnson is just the best of a bad bunch – recent Conservative voter, Wrexham*

The impact of government cuts was brought up by participants in all the groups. In Blyth and Wrexham in particular, voters had a strong sense of being forgotten by politicians from both main parties. They wanted to see greater investment in public services.

*Public services are falling apart on a massive scale. Austerity has shafted the northeast – Blyth*

*Public services have got worse in the last 10 years, A&E is over run – Wrexham*

*I voted Conservative, I usually vote Plaid. We needed a change where we live too. Wrexham has gone down and down, I also voted leave. If Labour got in, we weren't leaving – Conservative voter, Wrexham*

There was a strong sense of division and inequality in the country, which means that many people are left feeling both concerned for the future, but also tired of divisive narratives.

*Fifteen years ago, you wouldn't see as many people sat on street corners... It just seems the gulf is getting even bigger. Every time you go to, not just Manchester, any major city, they have people who are sleeping homeless, but those numbers just seem to be getting bigger and bigger – Bury*

## Views on tax

The concept of being a taxpayer was fundamentally felt to be good and people were proud to pay their taxes. But people's knowledge about the tax system was limited.

*What is tax paying for? The NHS, politicians, it pays for your life – without it you have nothing. It is our money the government is spending, it is life – Conservative voter, London*

*Most of us are happy to pay tax if it's spent correctly – education and the NHS – Blyth*

People often expressed scepticism about whether public money was well spent. In particular, in the former "red wall" seats and in the North, North Wales and the Midlands, we heard a sense of distrust in the political process and a strong belief that public money was wasted and that they had been abandoned.



Photo courtesy of Creative Commons

*Bureaucrats are taking the money, it is not the full amount that is going back into public services – Blyth Valley*

*We are so lucky to have the NHS, so I don't mind paying for it. However, I sometimes think our taxes are wasted. The government spends so much money on MPs food and things, the monarchy too. It's excessive – Long Eaton*

However, very few (if any) of the participants wanted to see lower taxes and no one explicitly called for tax cuts. Reducing government spending was not desirable when people felt that essential public services need more funding.

There was less consensus on the principles that should underpin the tax system. Whilst committed Labour voters supported progressive income tax bands and higher rates of tax for the wealthiest, this was not true of all – including many of those recent Conservative voters who have switched from Labour.

The concept of flat taxes was supported by some Labour and Conservative voters – and this was described as "fair" for all by more than one participant in each group.

*I think it would be unfair to go to a wealthy person and say, you need to pay more because you have done well... I think that is a bit unfair. I think everyone should pay the same. I think everyone should be on the same tax rates – Bury*

## Attitudes on wealth

Most of the voters we talked to saw wealth as aspirational – it is associated with positive feelings of security, success and comfort. People want to do well and provide a better life for their families. The wealthy were seen as hard working, largely deserving of their success.

*There's always going to be a small pocket of people that are the richest, there's always going to be a pocket of people that aren't as wealthy, and then your poverty-stricken people... It's usually the people that have worked the hardest that are the richest really – First time Conservative voter, Bury*

*Is it OK to have billionaires – Yes, good on them. They have reached that point, I don't like this idea that there is poverty and then other end of the scale. If you have worked hard you are entitled to it – Wrexham*

This chimes with other public attitudes research, for example that carried out by the [Baring Foundation and Trust for London](#), which has highlighted the

public's belief that the UK is a largely a meritocracy, where the wealthy are those who have worked hard.

Across both the left and right of the political spectrum, many people were positive about encouraging entrepreneurship and financial success.

Many cite examples of “good employers” that they have encountered, or well-known philanthropists, as examples of the wealthy giving back and contributing.

“Wealth” was used to mean different things and the participants didn't have a clear shared definition of the word. Some pointed to owning millions of pounds and living a luxurious lifestyle. However, others saw “wealth” as having a basic level of financial security. This was particularly true in poorer areas we visited such as Blyth and Wrexham.

*It might sound silly, I don't see wealth as materialistic things. I see it as having a house and food, I don't think people in the North East have this wealth, it's about not going to foodbanks – Blyth*



*Wealth is a state of mind, it is not having a million pounds, having a roof over my head, paying bills. If I go out with my mates, I've really got to think about it and budget... Wealth would be not having to worry, to be a bit frivolous and say 'yeah, I'll get the next round' – Wrexham*

*Wealth is enough to provide for yourself, basic bills and a few luxuries – London*

The participants tended to describe wealth as being able to live a comfortable and full life. This contrasts to the concept of wealth used by many economists, who tend to see it as the ownership of assets.

Following a decade of government cuts, many participants had acutely experienced squeezed wages impacting their income and living standards – there was a sense of the ordinary taxpayer being “forgotten” or “squeezed” between more extreme wealth and poverty.

*I am concerned about a lack of equality and fairness, horizontally between those who are working and not working and vertically through the generations, I am concerned about my grandchildren and what future they will have – Long Eaton*

*The wealthy are getting wealthier, the poorer (there is poverty and don't get me wrong), that gap between poor and working class is shortening. That gap between the poorer and those in the middle ground is shrinking with living wages and benefits. Those working people just get taxed more and all we end up is driven down. The wealthy get wealthier, the poorer get wealthier and those in the middle ground get driven down – Long Eaton*

There were some participants who took a more negative view of those claiming benefits than wealthy people exploiting loopholes or evading tax.

*Paying into the system, like paying our taxes and stuff, and then someone down the road could never have a job and have exactly the same as what you've got, but they claim it all off the system – first time Conservative voter, Bury*

## Attitudes on taxing wealth

Across the focus groups people were sceptical about blanket calls for higher taxes on wealth. There was a strong sense that most wealthy people worked hard to earn their money, usually paying taxes along the way. This is in part due to the different ways in which “wealth” is conceptualised. If people think that wealth is being comfortably well-off, then taxing wealth will surely sound spiteful. This finding is backed up by recent academic research on how the public think about what “wealth” means.

*I don't think if you earn more money you should get taxed more, I think that is wrong. I don't think it helps, I think you are earning more because you have earned it and studied more. What's the incentive to work? – London*

A number of participants also implied that because the wealthy can often afford private healthcare and education, they shouldn't be asked to pay more for improvements to these services.

Despite this, there was a sense that wealth can bring extremes of privilege and power that most ordinary people cannot access. Most of the participants felt that the current economic system is stacked in favour of the very wealthy. People were often surprised at the extent of wealth inequality, but this was also tempered with resignation that inequality is normal.

*Top 10% of households own more than half of the country's wealth – I don't think this is fair or unfair, why would it be unfair? It's the way it is – First time Conservative Voter, Wrexham*

Some participants argued that the wealthy should pay significantly more in tax, but this view wasn't widely shared.

*[There is a] big divide between rich and poor, there is a wealthy and too wealthy – there are a lot of poor people in this country who get ignored, homeless. Wealthy have obscene amount of money and they are not taxed enough, they should be taxed more – London*

For the majority whilst extreme wealth wasn't in itself a bad thing, there was a sense that wealthy people exploit the tax system to their advantage. Wealthy people and big companies were known to use tax advisors to minimize their tax bill, which is unfair for ordinary workers who do not have access to these services. In most of the groups, participants criticised well known individuals who have been caught up in tax avoidance scandals.

*I find the UK's really easy to avoid tax, and the government is making that easier, it's got very low tax thresholds and if you're that wealthy you can move your wealth offshore and I think that's just immoral – London*

*Paying your way... I feel fine about it, I think people should pay and if everyone does that's fine. Big companies not paying what they should though is not right – Wrexham*

The [Conservative manifesto](#) promised to “redesign the tax system so that it boosts growth, wages and investment and limits arbitrary tax advantages for the wealthiest in society”.

We asked people's views on this statement, initially not telling them where it was from. The language was seen as positive and most participants liked this idea, while pointing out that it is very vague.

People were surprised when we told them that it was a Conservative commitment. Most participants did not expect the government to deliver on this promise, but they would be positive about this if it did happen.

## Testing individual proposals for reforming taxes on wealth

Tax Justice UK asked voters about three specific tax changes. After presenting the groups with a summary of the status quo, we provided them with a reform proposal. Participants were given arguments in support and against the proposals and were then asked for their views.

Overall voters had limited understanding of how the tax system treats wealth. But when provided with clearly laid out information voters offered support for some changes to the status quo.

## Capital Gains Tax

Capital gains are the profits from selling something, such as a business, property or a piece of art. In simple terms, capital gains tax (CGT) is levied on the difference between the purchase and sale prices of the asset. Taxpayers subject to CGT get to benefit from an additional £12,000 of tax free allowance on top of their income tax allowance, and most gains attract a significantly lower tax rate than the equivalent income tax band.

Our proposal was that the government should tax income from wealth at the same level as income from work. The [IPPR think tank](#) have suggested that this could raise £90 billion over five years. A [poll we carried out with YouGov and Oxfam](#) in September 2019, found that almost 70% of the public supported such a change.

Our focus groups backed up the finding of this poll, with a clear majority of participants supporting the proposal. A moral argument using the language of justice and fairness seemed effective – it appealed to a sense of justice that people who make money from assets and wealth should pay the same as working people.

*I had heard of capital gains but didn't know about it; Why should someone who is working hard to stay on the breadline, why should they pay more tax than someone who makes all that money from shares – Blyth Valley*

There were some who felt that the risks involved in activities like share trading should be rewarded with lower tax, but this was a minority view. In some groups, for example in London, there was support for increasing capital gains tax, but some participants had concerns that full equalisation with income tax would deter investment.





## Council tax

Property makes up one of the biggest portions of all UK wealth. However, the UK has a dysfunctional approach to taxing it.

Under council tax, people living in lower value housing pay more in tax as a proportion of the value of their homes than people living in multi-million pound mansions. There are also big variations between different councils and regions of the country. The removal of council tax relief in many places means the current system is functioning just like the hated poll tax that it was meant to replace.

Our proposal was to reform council tax so that it is more closely tied to a home's current value. The [Resolution Foundation](#) have argued that replacing council tax with a proportional property tax, and once this has happened scrapping stamp duty, would raise an extra £4.2 billion a year.

Participants in our groups felt that there was a strong link between what they paid in council tax and the services they received. This focused on areas of local government spending such as bin

collection, schools and roads. There was some mention of social care, but it wasn't strongly associated with council tax, which is increasingly taking up a large proportion of councils' budgets.

This view that council tax was a straightforward payment for services meant that there was little support for turning the tax into a fully proportional property tax.

*Should someone with a £20 million mansion be paying more? It sounds great, but do they get any more services, do they get their bins emptied any more frequently? They are driving on the same roads and get the same care. Why should they pay more for exactly the same services? – Blyth Valley*

*If people are living in a £20 million house there must be other ways to get money off them rather than through council tax – Blyth Valley*

Whilst council tax valuation is felt to be dated, there is little appetite for radical reform. Some participants were concerned that they personally would move into a higher band and so pay more. Some of the

fear of council tax reform is linked to memories of the so-called “bedroom tax” and the Poll Tax.

However, when debated there was some support across the country for adding in new bands to catch those with the most expensive properties.

## Pensions tax relief

Money held in private pensions is highly concentrated amongst the wealthiest. Higher earners also benefit significantly more from the current system of pension tax relief as they can claim 40% off their income tax bills on their pension contributions, whereas basic rate taxpayers can only claim 20%.

Our proposal was that everyone should get the same tax relief rate of support from the government on the money they put into their pensions – whether they are lower or higher rate taxpayers.

There is low awareness of the current disparity in pension tax relief – in part because it is complicated and hard to communicate.

There was an emotional sense of not wanting to overly tax pensioners. Pensioners paying tax is typically seen as “double tax” – as most don’t factor in the tax relief they get at the point of paying in, so tax on this income is often described as unfair.

*I pay tax on my pension, I am not happy about it as I feel like it is double tax – I have already paid all my tax for my pension in my national insurance – London*



Photo courtesy Creative Commons

However, when explained, there was broad agreement for more equality in pension tax relief. There was particular support for arguments that made the case that those on lower incomes struggle to save and will have less when they retire.

*We fully agree. If you’re putting the same in to pay for your future surely you should get the same reward. You’re setting aside for your future, so why are you penalised because of paying more or less tax? – Bury*

*It is the rich getting richer and the poor getting poorer.... one person has put the same amount in [to their pension pot] as the other person, but one’s getting half the amount of relief.... you could just have it across the board, standardise it, everyone gets the same tax relief. No-one’s going to complain about that either, I don’t think – London*

## Inheritance tax

Whilst we didn’t put forward specific reforms to inheritance tax, it was spontaneously mentioned by both Labour and Conservative voters as a tax that is unfair and unpopular in its current form. This matches [polls](#) which consistently find that inheritance tax is the most disliked tax in the UK.

Most see it as “double taxation” and many people feel emotional about the timing of this tax – upon death. There was a strong sense from the participants that it was morally right for people to work hard, pay taxes and save to be able to pass on money to their children.

*It seems greedy that they have worked hard and paid taxes and their last wish is that they leave something to their kids or grandkids and then they get next to nothing... it’s wrong – Wrexham*

*It’s just really messed up that someone’s been taxed on this money and they’ve left you that money and they’ve died, and then you get taxed on that money that they’ve left you, because the government want some of it – Bury*

Currently, most people perceive that the wealthiest get out of paying inheritance tax and that those on lower incomes are burdened.

*Inheritance tax, the rich seem to just get out of that, whereas if you're poorer and your parents get ill, you're completely nailed to the wall. Rich people have trusts and they completely swerve it. That seems really unfair because old people now and the provision for their care, they're taking their houses and selling them – London*

There was some confusion about how the tax worked, with many people not being aware of the current threshold for the tax. However, even when the current threshold below which no tax is paid was pointed out, most people in the groups remained opposed to inheritance tax.

When asked, there was little support for turning inheritance tax into a lifetime gift tax – this was seen as the same thing as the current tax.



## Conclusion

Our research found strikingly similar attitudes across the country from the newly Conservative Red Wall seats to wealthy places in the southeast. It was overwhelmingly clear from voters that they expect to see improvements to their local public services. This was balanced with low expectations and scepticism of politicians' ability to deliver such changes.

Participants were aware of a significant gap between the wealthiest and poorest in society. Responses to facts about wealth inequality ranged from anger to resignation. There was also acute awareness of poverty. After nine years of austerity, the people we spoke to placed a greater priority on increased investment over tax cuts.

The participants in our focus groups largely believe in meritocracy. Those with wealth were seen as having acquired it through hard work. There was a noted reluctance throughout the focus groups to criticise those with wealth. However, there was also a sense that the government is not doing enough to tackle tax avoidance and evasion.

When we tested attitudes around specific policy proposals, there was support for some changes. Increasing capital gains tax so that income from wealth is taxed at the same level as income from work was the most popular proposal. There was some openness to giving all taxpayers the same rate of pension tax relief. In terms of council tax, there was little support for wholesale change, although many were supportive of adding extra bands for the most expensive properties.

Our research shows that there is appetite from the public for higher public spending, especially if politicians can convince voters that extra money will be well spent. People were supportive of some increased taxes on wealth, but reacted badly to messages that were directly critical of the wealthy. Campaigners should think carefully about how to construct messages that explain clearly why the current system isn't working and why a more progressive tax system would be better.

In our next report, we will explore what ways of communicating on tax and wealth resonate the most with the public and how to shift people's views.

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