

Proposal for a Fairer and More Efficient UK Economic System

Introduction

The UK faces increasing economic challenges, including rising inequality, inefficiencies in government spending, and a tax system that disproportionately benefits passive wealth over earned income. A fairer, more efficient economic system is necessary to ensure sustainable growth, reduce reliance on benefits, and create opportunities for all.

This document presents a comprehensive plan that can generate **£77.5 - £111 billion per year** in savings and revenue. These funds can be reinvested into public services, infrastructure, and tax relief for working people.

Why This Matters:

- **Over 14 million people in the UK live in poverty**, despite many of them working full-time.
- **The wealthiest 1% hold more than 20% of the UK's wealth**, while corporate tax avoidance costs billions annually.
- **Housing Benefit costs taxpayers £15 billion per year**, with most of it going to private landlords rather than building affordable housing.

This proposal offers practical solutions that benefit **both low and high earners**, ensuring a **stronger, fairer economy** for all.

Proposal 1: Taxing Passive Income Fairly

The Problem

- The UK's current tax system favours investment income over wages, allowing the wealthy to pay lower tax rates than workers.
- Capital Gains Tax (CGT) and dividend tax rates are significantly lower than income tax rates, creating an unfair system.

Proposed Reforms

1. **Increase Capital Gains Tax (CGT)** to match income tax rates (20%, 40%, 45%) and reduce the annual CGT allowance from £6,000 to £2,000 for high earners.
2. **Increase Dividend Tax Rates** to align with income tax rates and remove the dividend allowance for top earners.
3. **Reform Rental Income Taxation** by eliminating mortgage interest relief for high-income landlords and taxing rental income at the same rate as wages.

Estimated Revenue Impact

 **£25-30 billion per year**

Why This Plan Also Benefits the Wealthy

While this plan increases taxes on passive income and wealth, it also creates **long-term economic stability** that benefits high earners and businesses. Here's how:

1 A Stronger Economy Means More Business Growth

✓ Higher wages mean **more disposable income for consumers**, increasing demand for goods and services. ✓ A fairer tax system prevents **economic crashes caused by extreme inequality**.

2 A Healthier, Happier Workforce Increases Productivity

✓ **Well-funded healthcare and public services** ensure a more productive workforce. ✓ **Less financial stress** among workers improves efficiency and business profits.

3 Less Crime & Social Unrest = Safer Investments

✓ **Lower inequality reduces crime**, making cities safer for businesses and investment. ✓ **Less risk of strikes, protests, and instability**, leading to a more predictable economic environment.

4 Smart Taxes Mean More Stable Markets

✓ **Preventing tax loopholes and housing bubbles** reduces the risk of financial crashes. ✓ **A sustainable tax system** ensures long-term prosperity for investors and businesses.

5 Public Investment Boosts Private Wealth

✓ **Better infrastructure (roads, transport, digital connectivity) benefits businesses**. ✓ **Increased homeownership demand raises property values**, benefiting landlords and developers.

💡 **The Bottom Line?** A fairer economy is a more stable and prosperous economy — where wealth can grow sustainably.

Proposal 2: Reduce Government Waste & Stop Corporate Tax Avoidance

The Problem

- Large corporations exploit loopholes to avoid paying their fair share of taxes, shifting the burden onto workers.
- Billions are wasted annually on inefficient government outsourcing, bloated MP expenses, and unnecessary House of Lords costs.

Proposed Reforms

1. **Introduce a Minimum Corporate Tax Rate** of 15-20% to prevent tax avoidance.
2. **Crack Down on Profit-Shifting** by enforcing strict regulations on multinational companies.
3. **Reduce Outsourcing & Contract Waste** by bringing key services back in-house and improving procurement transparency.

4. **Reform MP Expenses & House of Lords** by reducing allowances, capping second home claims, and limiting peerage appointments.
5. **Increase Taxes on Luxury Goods & Private Jets** by raising VAT on high-value items and closing tax loopholes for the ultra-rich.

Estimated Savings & Revenue Impact

 **£47.5-71 billion per year**

Proposal 3: Invest in Housing to Reduce Benefit Dependency

The Problem

- The UK spends approximately £15 billion annually on Housing Benefit, most of which goes to private landlords rather than solving the housing crisis.
- A lack of affordable housing forces the government to rely on expensive temporary accommodation.

Proposed Reforms

1. **Build More Social Housing** to reduce Housing Benefit costs over the long term.
2. **Cap Rents in High-Inflation Areas** to prevent excessive rent increases.
3. **Use Public Land for Housing Projects** rather than selling it to developers for profit-driven schemes.

Estimated Savings

 **£5-10 billion per year**

Proposal 4: Reform the Benefits System for Fairness & Efficiency




Proposed Reforms

1. **Increase the Minimum Wage to a Real Living Wage** to reduce in-work benefits reliance.
2. **Ensure Disability Benefits Are Fair and Accessible** by removing punitive assessments and ensuring those in need receive timely support.
3. **Scrap Harsh Benefit Sanctions** that leave vulnerable people without money for basic needs.
4. **Speed Up Universal Credit Payments** to ensure new claimants receive support within five days.
5. **Invest in Retraining and Employment Support** to help people transition into better-paying, long-term jobs.

Total Estimated Savings & Revenue Increase

Proposal	Estimated Annual Savings/ Revenue
Tax Passive Income Fairly	£25-30 billion
Stop Corporate Tax Dodging & Reduce Government Waste	£47.5-71 billion
Invest in Housing to Cut Benefit Costs	£5-10 billion
Reform the Benefits System for Fairness & Efficiency	Indirect long-term savings
TOTAL ANNUAL SAVINGS & REVENUE	£77.5 - £111 billion

Call to Action: How You Can Help

 **Contact Your MP** – Demand action on fair taxation and economic reform.
  **Join the Discussion** – Share this proposal on social media and with community groups.
  **Support Public Awareness** – Advocate for policies that benefit both businesses and workers.

◆ **Will you stand for a fairer economy? Let's take action together.** ◆