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Osborne's plans to limit tax relief are just "red herrings"

George Osborne's plans to get the rich to pay more tax are nothing more than "red herrings", according to a London-based chartered financial planner.

The chancellor told *The Daily Telegraph* he was "shocked" at how little income tax the very wealthiest people paid after he personally studied "anonymised" copies of their tax returns.

The 20 biggest tax avoiders in Britain have used three major loopholes to legally cut their income tax bills by a total of £145m a year, according to a report. Now Osborne has vowed to take action.

But Jonathan Davis, managing director of Jonathan Davis Wealth Management, has serious doubts as to whether Osborne will actually ensure the richest people pay more tax.

Davis said: "If he was serious about going after the rich he wouldn't have reduced the tax rate from 50 per cent to 45 per cent. And also, he would move from taxing income and wealth creation to taxing property and assets.

"The reality is the rich largely keep their income out of the UK, but their assets are here and are largely untaxed."

Osborne used the recent Budget to announce a stamp duty of seven per cent would be charged on homes worth more than £2m. Some 2,059 properties worth in excess of £2m have been sold in London in the past two years, according to Zoopla.co.uk.

But Davis doubts the stamp duty increase will help boost the economy.

"It is definitely a slight move to taxing assets, but slight is the operative word and it doesn't get to the root of the issue," said Davis.

"We still tax wealth creation with income and corporation tax, whereas we should be taxing non-productive assets. That way we could equalise our society and it would help get the economy going."

He continued: "I hasten to say that George Osborne is not acting different to any other chancellor in the last 100 years. He is just tinkering with the system. There is no transformative action or policy, they are red herrings what the chancellor is doing."

Osborne is keen for millionaires to pay tax of more than a third of their earnings. The total amount of tax relief anyone can claim will be limited to £50,000 or 25 per cent of their income, whichever figure is greater, from next year.