

UK Wealth Tax

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KPMG Comment

These are not Government proposals, but they come against a backdrop of a Government commissioned review of capital taxes (both CGT and IHT) by the Office for Tax Simplification and have the potential to raise large amounts of revenue.

Please contact to discuss

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Please contact **Jo Bateson**, your usual KPMG Family Office and Private Client adviser or one of the specialists listed on our [Family Office and Private Client web page](#) to discuss the proposed changes to capital taxes.

The Wealth Tax Commission (WTC) has published its final report and concludes the UK would benefit from a one-off wealth tax on all assets



Background

The UK Government is considering reforming capital taxes, including CGT and IHT

A new UK wealth tax

- Discussion around the possibility of a UK wealth tax is increasing, particularly in light of the need to raise additional tax revenues in view of COVID-19
- WTC proposals are not Government proposals, nor was the report commissioned by the Government
- The WTC identifies that there is general public support for a wealth tax
- Decisions about wealth tax are likely to be made as part of an overall review of UK capital taxes



Wealth tax

WTC have suggested the UK Government consider a one-off wealth tax

A one-off tax

- A one-off tax involves a one-time assessment of wealth with no subsequent revaluation
- Valuation date should be set at a date prior to any announcement to reduce the scope for avoidance
- WTC concluded that a one-off tax would be less distortive, easier and more efficient from both an administrative and compliance perspective



Assets

All assets including private homes and pensions to be taxed

Which assets to tax?

- Residents would be taxable on worldwide assets. Non-residents will be taxable on UK real estate
- The report proposes a "backward tail" to include those who have recently become non-resident
- No proposal for a general carve out for business assets
- Trust assets would be subject to wealth tax where the settlor is a UK resident or to a lesser extent where they have UK beneficiaries or hold UK real estate



Tax rates

"Setting tax rates is a decision for politicians", says WTC

What tax rate?

- The report includes illustrative figures for a one-off rate in the region of 0% - 15%
- The WTC suggest the tax to apply to personal wealth above £500,000 per person, or £1 million per couple
- Payment of any tax due could be spread over a number of years
- A one-off wealth tax payable on all individual wealth above £500,000 and charged at 5% could raise £260bn

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