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