



## 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