

LABOUR'S 18 TAX RISES

TAX TRAP: LABOUR'S 18 TAX RISES

Labour's Tax Trap Manifesto confirmed they would raise taxes to their highest level in British history. Based on the current OBR forecast, Labour's stated plans would take tax as a share of GDP to 37.4 per cent in 2028–29 – higher than the 37.2 per cent in 1948, the previous record year.

Taxes would be £58.7 billion higher under Labour than the Conservatives over the next Parliament.

In addition, Labour's Manifesto is sticking to the policies that make up its £38.5 billion of unfunded spending commitments – meaning an extra £2,094 of tax rises for every working household in Britain, on top of the plans set out in Labour's manifesto.

Paul Johnson, head of the independent IFS, said that 'Labour's manifesto offers no indication that there is a plan for where the money would come from' to pay for their policies. The only indication of the further taxes Labour would raise was an ominous line in their manifesto pledging to give families and businesses 'due warning' of further tax rises.

Labour definitively ruled out raising VAT within one hour of receiving a Conservative Party press release. However, in response to the Conservatives setting out a series of further tax guarantees ruling out raising taxes on pensions, family homes, cars and businesses, Labour have refused to rule any further tax rises out. These total 18 different taxes. Labour's manifesto also made no commitment not to raise these taxes.

Furthermore, leaks from the Shadow Cabinet have revealed that Rachel Reeves is currently planning a Budget in the Autumn this year with a dozen new tax rises that are not contained in Labour's manifesto.

Today, Chief Secretary to the Treasury Laura Trott is setting out the 18 tax rises that Labour have declined to rule out and challenges them to seek a mandate for the additional tax rises they are secretly planning.

This follows a well-trodden path: in 1997 Gordon Brown's plan to abolish tax relief on dividends received by pension funds was excluded from the Labour manifesto despite being fully worked up and locked in a safe. Labour prevented the planned raid from being reported in the press by threatening to withdraw cooperation.

- **Keir Starmer has not ruled out extra tax rises in the next parliament.** RIGBY: 'So no tax rises in the next Parliament?' STARMER: 'No tax rises needed in the plans in our manifesto' RIGBY: 'In the plans?' STARMER: 'No tax rises for working people. That's income tax. National Insurance...' RIGBY: 'VAT. I just decode that for you guys, because when a politician says, no plans, it does mean I might...' STARMER: 'Well, Beth...' RIGBY: 'I've done this a bit. It does' STARMER: 'Look, I'm not going to sit here tonight and write the next five years 'worth of budgets, and you wouldn't take me seriously if I did. What I will say is that we will not raise...' (Sky News, Battle for No10, 12 June 2024, [archived](#)).
- **Keir Starmer said the removal of a relief is not a tax rise.** STARMER: 'Now I understand why that's been in place, but it's a tax break that we are removing. It's not an introduction of a new tax' (Sky Debate, 12 June 2024, [archived](#)).
- **Labour define 'no tax rises for working people' as only ruling out raising employee national insurance, income tax and VAT, not other taxes.** NICK FERRARI: But she couldn't give an assurance on VAT she has been spooked into doing that by the Chancellor, hasn't she? DARREN JONES: I don't think she's been spooked into I mean, the Conservative Party are trying to claim the score a today in the election campaign. It's just not true. We've said taxes need to come down, not go up. And so, you know, it's clear that we're not going to increase income tax, national insurance or VAT. These are the big taxes that working people pay (LBC, 30 May 2024).
- **On 6 June 2024, The Guardian revealed Labour are considering 10 to 12 tax rises this Autumn.** 'One source said: "Rachel has between 10 and 12 measures she is looking at which she hasn't yet announced, all of which will raise small pots of money, with the ambition they should add up to something all together."' (The Guardian, 6 June 2024).

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On Pensions

The Conservatives' Pension Tax Guarantee in our Manifesto ruled out:

1. The new State Pension being dragged into income tax for the first time in history.
2. Ending the 25 per cent tax free lump sum.
3. Making tax relief on pension contributions less generous.
4. Extending National Insurance to employer pension contributions.

Notes

- **Labour provided no formal response to our Pension Tax Guarantee – unlike Rachel Reeves immediately ruling out raising VAT in response to Conservatives' challenge.** Labour's failure to rule out tax rises on pensions stands in stark contrast to Rachel Reeves ruling out a VAT rise within an hour of challenge from Jeremy Hunt's press release (Sam Coates, Twitter, 29 May 2024).
- **Rachel Reeves called the Triple Lock Plus a 'desperate gimmick'.** "The only reason that pensioners are looking for the first time at paying income tax on their basic state pension is because the Conservatives lost control of the economy," [Reeves] told reporters' (BBC News, 27 May 2024).
- **Jonathan Reynolds admitted Labour will impose the Retirement Tax.** STUDIO: 'The Conservatives, of course, have gone for this triple lock plus, haven't they? So that you'll never pay tax on the state pension. Is that commitment you're willing to make?' REYNOLDS: 'No' (Times Radio, 8 June 2024, [archived](#)).
- **Wes Streeting refused to rule out taxes on pensioners.** STUDIO: 'You will tax pensioners. Won't you? You will, you will ensure those the state pension will be taxed after 2028' STREETING: 'I think pensioners can judge the Conservatives on their record. Which is they are the ones. In fact, what the pledge they're making now is to bring back something that a Conservative Chancellor got rid of. The biggest risk to the state pension is Rishi Sunak's entirely unfunded pledge to abolish national insurance. That's just one of 71 billion pounds worth of tax and spending decisions they've made. That is Liz Truss' Mini budget on steroids. So I'd say to pensioners and everyone else, do not give the matches back to the arsonist to finish the job. We will all end up paying a very heavy price for that' (GB News, 4 June 2024, [archived](#)).

On Family Homes

The Conservatives' Family Homes Tax Guarantee in our Manifesto ruled out:

1. Increasing the number of council tax bands.
2. Undertaking an expensive council tax revaluation as Labour have already done in Wales.
3. Cutting council tax discounts, as Labour is currently doing in Wales.
4. Applying Capital Gains Tax to family homes by ending Private Residence Relief.
5. Increasing the rate and level of Stamp Duty.

Notes

- **In response to the Conservatives' Family Homes Tax Guarantee, Labour refused to rule out the specific tax rises within our Guarantee – in stark contrast to Rachel Reeves immediately ruling out raising VAT in response to Jeremy Hunt's challenge.** In response to the Family Homes Tax Guarantee a Labour spokesperson said the party had already set out its tax plans and added: 'Nothing in our plans requires any additional tax to be increased and there will be no return to austerity if Labour are elected on 4 July' (The Sun, 6 June 2024).
- **Angela Rayner refused to rule out dragging people's primary family home into Capital Gains Tax for the first time.** MORDAUNT: I'm going to ask my question to Angela. Rachel Reeves hasn't ruled out increasing capital gains tax. This would mean higher costs for families when they're selling their homes. Will you commit to ruling that out now? RAYNER: Rachel has set out, yes, we have set out that we will not raise income tax, National Insurance and VAT and we do not need to raise taxes on working people because our manifesto is fully costed, unlike the Conservatives'. MORDAUNT: So you are not going to raise capital gains tax? RAYNER: There is nothing in our manifesto that means we have to raise capital gains tax, no. (ITV Debate, 13 June 2024).
- **Keir Starmer refused to rule out a review of council tax bands.** RIGBY: 'The Labour Party in Wales launched a review of council tax banding. Are you going to rule out a review in England too?' STARMER: 'Well, council tax is too high for many people. It's been going up, it went up again this year, but that's because the government lost control...' RIGBY: 'So you're not going to do a review of the council tax bands?' STARMER: 'I'm really trying...' RIGBY: 'You know they were last revalued when I was a teenager and I'm really old now' STARMER: 'Beth, you're pushing me over and over again on tax' (Sky Debate, 12 June 2024, [archived](#)).
- **John Healey would not rule out increases to stamp duty four times.** STUDIO: 'Stamp duty, will you increase that' HEALEY: 'We will not, we will not, we will not raise the taxes that are most important to working people that are part of' STUDIO: 'Will you increase stamp duty?' HEALEY: '(inaudible) after 14 years of Conservative government' STUDIO: 'Will you increase stamp duty?' HEALEY: 'I'm not going to go through the list. I'm saying to you' STUDIO: 'Why not, it's really important?' HEALEY: 'So the taxes that are most important to people, income tax, VAT and National Insurance, will not be raised under a Labour government' (Sky News, 6 June 2024, [archived](#)).

- **Pat McFadden refused to rule out a council tax revaluation.** STUDIO: How could it be rational for people that want to get taken seriously as a future government to have a tax which is a) regressive and b) based on property prices from 1991? MCFADDEN: There's nothing in our plans that requires a change in that or other taxes. STUDIO: What's the answer to the question? MCFADDEN: That's the answer to the question. When we set out our policies today, what we will see on tax is no increase in income tax. (BBC Radio 4, Today, 13 June 2024).
- **Matthew Pennycook repeatedly refused to rule out council tax revaluation.** STUDIO: 'The Conservatives have put forward the family home tax guarantee... They won't carry out a council tax re-valuation, they won't cut council tax discounts. And they've urged you to say that you will do the same. Will you?' PENNYCOOK: 'We've got no intention of putting extra taxes onto households...' STUDIO: 'But will you fiddle with council tax at all?' PENNYCOOK: 'No we've got no intention as I said, of raising taxes on households. All of the specific policies in our manifesto that we are committed to I've already got tax changes that fully fund and cost them... we're not intending as I say to levy additional taxes on households' (BBC Radio 5 Live, 7 June 2024, [archived](#)).
- **Bridget Phillipson refused to categorically rule out raising fuel duty, capital gains, or council tax.** STUDIO: 'Will the party increase fuel duty if you win the election?' PHILLIPSON: 'We have no plans to increase taxes on working people...' STUDIO: 'Stamp duty?' PHILLIPSON: 'No plans on that either' STUDIO: 'Council tax?' PHILLIPSON: 'Same again' STUDIO: 'Capital gains?' PHILLIPSON: 'No I mean we can go through all of these... We've got no plans to increase taxes' (Sky News, 10 June 2024, [archived](#)).
- **Wes Streeting could not rule out a revaluation of Council Tax bands or Capital Gains Tax.** STUDIO: 'And Keir Starmer was very clear there to repeat his pledge not to raise National insurance, income tax, VAT. Why do you think he's struggling to rule out raising things like capital gains tax or changing council tax bands? If he doesn't want to do it, why won't he just say that?' STREETING: 'Well, the reason why we singled out those three taxes was because we really wanted working people to know that we get the fact that they are feeling really clobbered by the Tories' (BBC News, 13 June 2024, [archived](#)).

On Energy bills

The Conservatives' Manifesto ruled out:

1. New levies or charges on bills while accelerating the rollout of renewables.

Notes

- **In an interview with The Sun, Keir Starmer refused to rule out introducing new green levies on bills.** 'In a wide-ranging interview, the Labour leader repeated his pledge not to raise income tax, national insurance or VAT. But he refused to rule out introducing new green levies on bills. "What I can guarantee is this - we recognise this shouldn't disproportionately impact people, particularly people who don't have a lot of money", he said. "I'm not in an instant going to say there I'll be no such thing as a levy ever again" (The Sun on Sunday, 1 June 2024).

On Businesses and Jobs

The Conservatives' Family Business Tax Guarantee in our Manifesto ruled out:

1. Increasing Capital Gains Tax.
2. Increasing Employers' National Insurance (the 'jobs tax').
3. Ending the Enterprise Investment Scheme.
4. Cutting or ending the Seed Enterprise Investment Scheme.
5. Ending Venture Capital Trusts.
6. Ending Business Asset Disposal Relief.
7. Ending Agricultural Property Relief and Business Relief.

Notes

- **Labour provided no formal response to our Family Business Tax Guarantee – unlike Rachel Reeves immediately ruling out raising VAT in response to the Conservatives' challenge.** Labour's failure to rule out these family business tax rises stands in stark contrast to Rachel Reeves ruling out a VAT rise within an hour of challenge from Jeremy Hunt's press release (Sam Coates Twitter, 29 May 2024).
- **Keir Starmer refused to rule out raising Capital Gains Tax.** CORRESPONDENT: 'The Liberal Democrats today have said that they will increase capital gains tax and tax on big banks to try and fund some of their policies. Would you consider doing the same? And if not? Are you being honest with the public about how many cuts or potential tax rises might be needed to fund some of your pledges?' STARMER: 'We're going to launch our manifesto later this week. There'll be no tax surprises in there. We're not going to increase tax on working people. And that means no increases in income tax in National Insurance and VAT and all of our plans. As I say, fully costed, fully funded. And they don't require tax rises over and above those that we've already set out. So, there won't be any surprises when the manifesto is unveiled on Thursday' (Sky News Pool Clip, 10 June 2024, [archived](#)).
- **Labour are in the middle of a review all business taxes.** 'The opposition party said its review will look at "a roadmap for tax which lasts over a parliament" and weigh whether the U.K's "current system of capital allowances is fit for purpose in its design and operation, including for small businesses who are crucial for growth"' (Politico, Labour vows business tax review as party makes play on the economy, 7 March 2023).
- **Labour are looking to 'scrap or reduce' business asset disposal relief.** Labour briefed The Times: 'among the areas being looked at are: scrapping or reducing business asset disposal relief, which allows people who own more than five per cent of a company to sell their stake and pay a lower tax rate on their profits. Analysis suggests that this costs the Treasury over £1 billion a year as it cuts the marginal rate of tax from 20 per cent to ten per cent' (The Times, 28 September 2023).

On Cars

The Conservatives Manifesto ruled out:

1. Maintaining ULEZ in London and expanding road pricing beyond London.

Notes

- **Labour's formal response to our Backing Drivers Bill announcement did not match our plan to rule out keeping ULEZ in London and expanding road pricing beyond London.** 'A Labour Party spokesperson added: "This is desperate stuff from a government that has run out of road. The Conservatives' abysmal record on drivers is there for everyone to see. Britain has 100 times more potholes than craters on the moon and car insurance costs are out-of-control. Labour is on the side of drivers. We will tackle rip-off car insurance costs and break down planning barriers to ensure transport infrastructure is delivered and delivered on time. And we will leave decisions on safe school streets and local traffic measures to local communities - not politicians in Westminster.'" (Labour Party Press Release, 7 June 2024).
- **The Labour Party did not rule out introducing new taxes on motorists, including a pay per mile scheme in the manifesto.** Labour Mayor Sadiq Khan has previously been accused of 'plotting' with Labour councils in London to introduce pay-per-mile charges, and spent £3 million examining the introduction of such a policy. The Labour Party did not rule out applying the policy across the country in their manifesto (Labour Party Manifesto, 13 June 2024, ; The Telegraph, 27 April 2024, ; The Daily Telegraph, 9 April 2024).

HISTORICAL NOTE: LABOUR'S SECRET TAX RISES AT EVERY ELECTION LABOUR HIDES TAX RAIDS

1997

- **Before the 1997 election, Labour and the Guardian worked together to keep Gordon Brown's planned tax raid on pensioners a secret.** Alex Brummer, who was associate editor of The Guardian in 1997, had learned Gordon Brown planned to scrap tax relief on dividends that pension funds received on their investments if New Labour won the election. Brummer says his story was never published, after Alan Rusbridger – the then Editor of The Guardian – was threatened by Gordon Brown with being cut off by New Labour if the story ran (The Daily Telegraph, 23 April 2024).
- **In 1997, Gordon Brown used his first Budget to scrap tax relief on pension dividends.** Gordon Brown and Tony Blair abolished tax credits paid to pension funds and companies when they received dividend income net of advance corporation tax (ACT) (House of Commons Library, Advance corporation tax (ACT) and pension funds, 9 July 2007).
- **In 1997 Labour promised 'New Labour is not about high taxes'.** New Labour is not about high taxes on ordinary families. It is about social justice and a fair deal...There will be no return to the penal tax rates that existed under both Labour and Conservative governments in the 1970s' (The Labour Party, 1997 Manifesto).
- **In 1998 Gordon Brown introduced 14 tax rises.** 'In 1998, Brown introduced 14 tax rises, including higher stamp duty and a cut in the married couples' allowance. The tax take was the equivalent of 2.6p on basic rate tax' (The Standard, 13 April 2012).

2001

- **In 2001, The Labour Party made a manifesto commitment to 'not raise the basic or top rate of income tax and extend the 10p band.** 'We will now: ... not raise the basic or top rate of income tax and extend the 10p band' (The Labour Party, Manifesto 2001, accessed 13 June 2024).
- **In April 2002, Gordon Brown increased National Insurance Contributions.** BROWN: 'From April next year, there will be an additional 1 per cent. national insurance contribution from employers, employees and the self-employed on all earnings above £4,615' (Hansard, Vol. 383 Col. 591, 17 April 2002).

2010

- **Labour planned for six further fuel duty rises after the election.** Labour's March 2010 Budget, delivered by Alistair Darling set out seven further rises, one in April 2010, with six planned for after the General Election (HM Treasury, Budget, March 2010, p. 8).

2017

- **Labour 'chiefs' admitted 'hiding' £1 trillion of spending from Labour's 2017 manifesto.** 'Labour chiefs privately admit their hard left 2017 manifesto hid £1 trillion of extra spending with dodgy maths to cover it up, a new book reveals' (The Sun, 26 September 2018).

2024

- **On 6 June 2024, The Guardian revealed Labour are considering 10 to 12 tax rises for a Budget this Autumn.** 'One source said: "Rachel has between 10 and 12 measures she is looking at which she hasn't yet announced, all of which will raise small pots of money, with the ambition they should add up to something all together."' (The Guardian, 6 June 2024).
- **Rachel Reeves is calling for a 'doctor's mandate' on the economy – calling for powers to raise taxes.** 'Labour is planning a major package of measures this autumn, according to party sources, and Reeves is looking for a "doctor's mandate": the state of the public finances is so bad, she will argue, that they will need major surgery to correct' (The Guardian, 6 June 2024).
- **Labour have set out intention to review pensions.** 'We will also adopt reforms to workplace pensions to deliver better outcomes for UK savers and pensioners. Our pensions review will consider what further steps are needed to improve security in retirement, as well as to increase productive investment in the UK economy' (The Labour Party, Labour Party Manifesto 2024, 13 June 2024).
- **Labour said they would 'review the pensions and retirement savings landscape' if elected into government.** 'In government, Labour will review the current state of the pensions and retirement savings landscape following the reforms of the early 2000s and the welcome introduction of auto-enrolment in 2012' (The Labour Party, Financing Growth, 31 January 2024).
- **Labour said they would increase powers for pensions regulators.** 'Labour will give The Pensions Regulator (TPR) new powers to bring about consolidation where schemes fail to offer sufficient value for their members' (The Labour Party, Financing Growth, 31 January 2024).

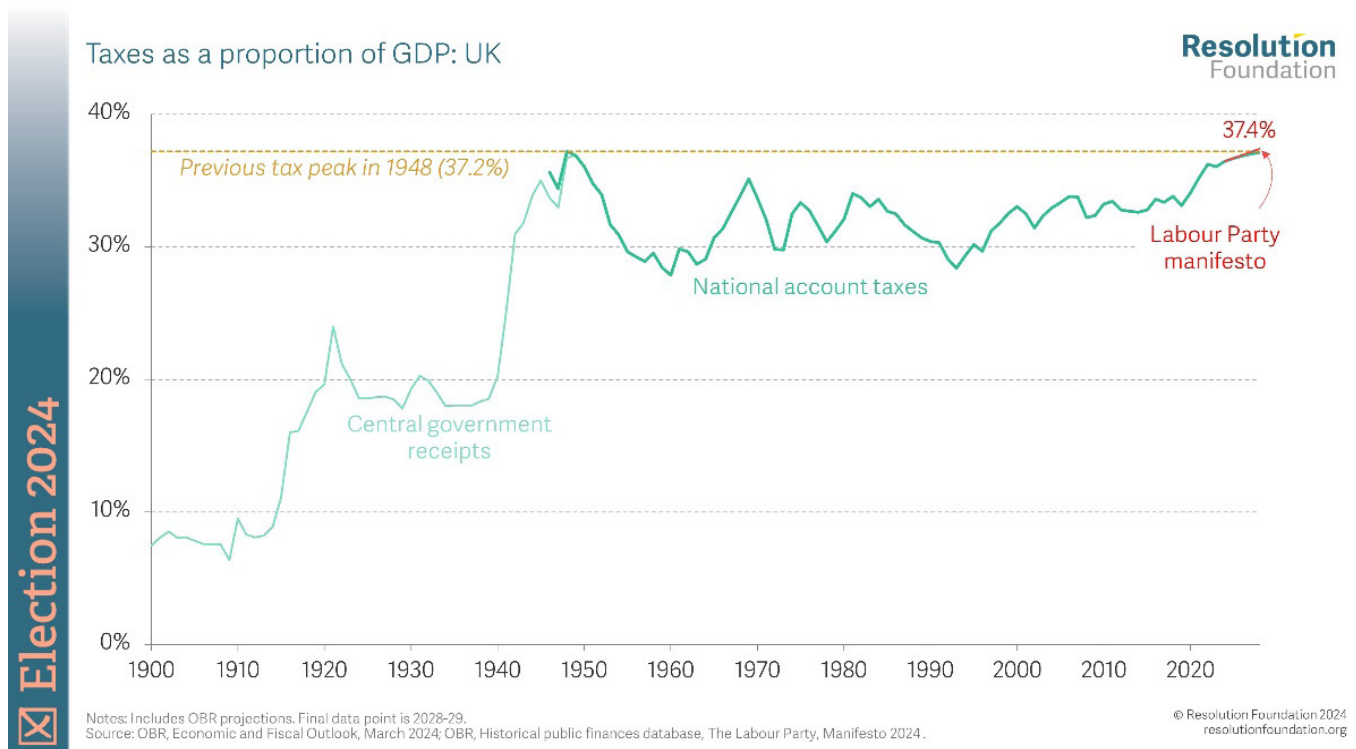
TECHNICAL NOTE 1: LABOUR WOULD SEND TAXES TO AN ALL-TIME RECORD HIGH

Labour's 'Tax Trap Manifesto' set out plans to increase taxes by **£8.5 billion in 2028-29**. It contained no tax cuts.

The current OBR forecast is for the tax burden to be 37.1 per cent of GDP in 2028-29, on the National Account taxes measure.

Adding in Labour's tax rises would take it to **37.4 per cent of GDP in 2028-29**.

This would be the **highest level in British history** – higher than the previous peak of 37.2 per cent in 1948, in the aftermath of the Second World War.



Source: OBR, Public Finances Databank, June 2024; The Labour Party, Labour Party Manifesto 2024, 13 June 2024

TECHNICAL NOTE 2: LABOUR WOULD RAISE £58.7 BILLION MORE IN TAX THAN THE CONSERVATIVES

Earlier this week, Rishi Sunak unveiled plans to cut taxes for working people, for the self-employed, for parents, for first-time buyers and for those in retirement, funded by saving £12 billion from welfare reform and £6 billion from tax avoidance and evasion.

Two days later, Labour set out in their 'Tax Trap Manifesto' only plans to increase taxes. Their manifesto involves net tax rises of £8.5 billion in 2028–29.

Analysis of the two parties' tax plans shows taxes would be cumulatively **£58.7 billion higher** over the next Parliament under Labour than under the Conservatives.

	2025-26	2026-27	2027-28	2028-29	Total	Notes
Conservative tax plan						
Tax avoidance	2.0	3.0	4.0	5.0	14.0	1
Tax cuts	(6.2)	(8.4)	(14.5)	(15.6)	(44.7)	2
	(4.2)	(5.4)	(10.5)	(10.6)	(30.7)	
Tax burden	36.53%	36.68%	36.69%	36.81%	na	3
Change vs OBR baseline	-0.15%	-0.18%	-0.34%	-0.33%	na	4
Labour tax plan						
Tax avoidance	1.6	3.3	4.6	5.2	14.7	5
Tax increases	3.3	3.3	3.3	3.3	13.3	6
	4.9	6.6	7.9	8.5	28.0	
Tax burden	36.85%	37.08%	37.29%	37.40%	na	3, 7
Change vs OBR baseline	0.17%	0.22%	0.26%	0.27%	na	4
Conservative tax cuts	(4.2)	(5.4)	(10.5)	(10.6)	(30.7)	
Labour tax increases	4.9	6.6	7.9	8.5	28.0	
Difference	9.1	12.0	18.4	19.1	58.7	

Brackets denote negative number (tax cuts)

1. Conservatives Costing Document, Table 2 (The Conservative Party, Costings Document, 11 June 2024).
2. Conservatives Costing Document, Table 1 2 (The Conservative Party, Costings Document, 11 June 2024).
3. Based on National Accounts taxes and Nominal GDP as per OBR's March 2024 EFO table A.9, adjusting the first term by line shown above here. (OBR, Economic and Fiscal Outlook, March 2024).
4. Comparison is with OBR's March 2024 EFO as per note 3 (OBR, Economic and Fiscal Outlook, March 2024).
5. See Labour Manifesto, Labour's Fiscal Plan, showing £5,230 million in 2028–29. Earlier years sourced to Labour Party, Labour's Plan to Close the Tax Gap (The Labour Party, Labour's Fiscal Plan, 13 June 2024; The Labour Party, Tackling the tax gap, p.12, 8 April 2024).
6. See Labour Manifesto, Labour's Fiscal Plan, aggregating £1,510 million (schools and school fees), £565 million (carried interest), £40 million (stamp duty), £1,200 million (windfall oil & gas). Assumes commencement of all measures in April 2025 (The Labour Party, Labour's Fiscal Plan, 13 June 2024).
7. Record high to date 37.21 per cent in 1948. See OBR, Public Finances Databank (OBR, Public Finances Data Bank, 24 May 2024).