NEW ECONOMICS FOUNDATION

Taxing invisible wealth

Policy briefing | Fernanda Balata and Hollie Wright | January 2026

Summary

UK household wealth has grown from three times national income in the 1980s to nearly eight times national income today. This has been driven primarily by asset price inflation - eg higher house prices and pension valuations - rather than productive growth.[1] Instead of work being the path to financial security and opportunity, it is now existing asset ownership. But this wealth is highly unequally distributed, much of it inherited, and increasingly detached from effort or achievement. [2] [3] [4] [5] [6]

This is a worrying trend when we consider who holds private wealth in the UK. The top 10% has consistently owned half of households' total wealth since the mid-1980s, but their wealth has increasingly accumulated at the top 1%.[7] The Sunday Times Rich List reports that the wealth of the 350 richest families now totals £772.8bn.[8] If trends continue, by 2035 the wealth of the top 200

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[1] Fairness Foundation. (2022). *Wealth inequality is much larger than income inequality.* https://fairnessfoundation.com/fairness-index/substance/wealth-inequality-is-much-larger-than-income-inequality

[2] Resolution Foundation. (2022). *Intergenerational rapport fair?* https://www.resolutionfoundation.org/publications/intergenerational-rapport-fair/

[3] Office for National Statistics. (2024). *Wealth in Great Britain: Main Results from the Wealth and Assets Survey, April 2018 to March 2020.*

[4] Brewer, M., & Wernham, T. (2022). *Income and wealth inequality explained in five charts*. Institute for Fiscal Studies, https://ifs.org.uk/articles/income-and-wealth-inequality-explained-5-charts

[5] Joseph Rowntree Foundation. (2023). *Wealth of Evidence? What We Know about "Asset Effects"*. https://www.jrf.org.uk/savings-debt-and-assets/wealth-of-evidence-what-we-know-about-asset-effects

[6] Advani, Arun, Agnes Norris Keiller, and Andy Summers. (2020). *The UK's Wealth Distribution and Characteristics of High-Wealth Households*. Resolution Foundation. https://www.resolutionfoundation.org/app/uploads/2020/12/The-UKs-wealth-distribution.pdf

[7] Office for National Statistics. (2025, April). *Private owned wealth in the UK.* https://www.ons.gov.uk/aboutus/transparencyandgovernance/privatelyownedwealthintheuk

[8] Tippet, B., & Wildauer, R. (2023). *The good life at the top: Analysing the Sunday Times Rich List 1989-2023* (Working paper). University of Greenwich.

families could be equivalent to the UK government's entire annual public expenditure.[9] [10] Meanwhile, most households in the country lack significant private assets,[11] making them heavily reliant on public services and infrastructure, which continue to deteriorate because of underfunding and political negligence. [12]

The UK's economy has shifted but the tax system has not adapted. An outdated revenue model undermines the government's ability to fund its commitments to provide reliable public services, while frustrating most of the population who rely on wages. HMRC estimates the overall tax gap to be at least £46.8bn annually, much of it linked to under-declared capital income, complex avoidance, or offshore assets. HMRC's offshore non-compliance estimate is just £0.3bn,a figure widely seen as a serious underestimate given the narrow methodology and acknowledged data gaps.[13] Taxes on labour and consumption, such as income tax, National Insurance contributions and VAT, account for more than two-thirds of receipts, while taxes on wealth and capital are relatively marginal and much wealth goes untaxed.[14]

Extreme wealth concentration carries direct costs for UK society, undermining prosperity and quality of life for the majority. The OECD has shown that rising inequality between 1985 and 2005 slowed UK growth, cutting nearly five percentage points off cumulative growth between 1990 and 2010. Trickle-down economics, which argues that wealth at the top benefits everyone, has not worked in practice. The benefits of past economic growth have been disproportionately captured by the wealthiest, widening the gap further.[15] Under-taxation of wealth helps to entrench inequality,

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[9] Office for Budget Responsibility. (2024). *A brief guide to the public finances*. https://obr.uk/forecasts-in-depth/brief-guides-and-explainers/public-finances/
Note 1: In 2024–25, UK public spending (Total Managed Expenditure) is forecast at £1,278.6 billion (Office for Budget Responsibility, *Public Finances – Brief Guide*, 2024). Note 2: Wealth is a stock while spending is a flow, but the comparison highlights the scale of concentration: by the mid-2030s, a few hundred families could control more resources than the state spends in a year on health, education, infrastructure, and all public services combined.

[10] Tippet, B., & Wildauer, R. (2023). *The good life at the top: Analysing the Sunday Times Rich List 1989-2023* (Working paper). University of Greenwich https://gala.gre.ac.uk/id/eprint/42714/23/42714_TIPPET_The_good_life_at_the_top_Analysing_The_Sunday_Times_Rich_List_1989-2023.pdf

[11] Green, L., et al. (2025). *Wealth in Great Britain* (House of Commons Library Briefing Paper No. CBP-10210). House of Commons Library. https://researchbriefings.files.parliament.uk/documents/CBP-10210/CBP-10210.pdf

[12] Funakoshi, M. (2025, January 22). UK's £49bn maintenance backlog strains public services, spending watchdog says. *Reuters*. https://www.reuters.com/world/uk/uks-60-billion-maintenance-backlog-strains-public-services-spending-watchdog-2025-01-22/

[13] HM Revenue & Customs. (2023). *Tackling offshore tax non-compliance*. HMRC. https://www.gov.uk/government/publications/tackling-offshore-tax-non-compliance. See also TaxWatch, "New Statistics Show £300 Million Lost to Offshore Tax Gap on over 7 million Accounts Held Overseas Likely to Be Gross Underestimate," *TaxWatch UK*, October 24, 2024, https://www.taxwatchuk.org/offshore-tax-gap-finally-published/

[14] Buckingham, A., & Brown, J. (2025). *Tax statistics: an overview*. House of Commons Library. https://commonslibrary.parliament.uk/research-briefings/cbp-8513/

[15] Corlett, A., Leslie, J., & Odamtten, F. (2022). *Stagnation nation: The UK's economic inheritance* (Economy 2030 Inquiry interim report). Resolution Foundation. https://economy2030.resolutionfoundation.org/wp-content/uploads/2022/07/Chapter-one-interim-report.pdf

which depresses wages and domestic demand, reduces incentives for productivity-enhancing investment, and weakens the foundations of long-term growth.[16] Inequality is also among the strongest predictors of democratic erosion, even in long-established democracies.[17]

This briefing recommends that the government launches a High Wealth Compliance Programme to deliver the administrative systems, data, and legal architecture required to make high wealth visible, and strengthen enforcement and compliance. The Programme must be focused on delivery with budget, milestones and clear accountability. Its task is to ensure that, by the end of this Parliament, the state has the capability to tax high wealth fairly and effectively.

Making wealth visible

The first principle for reform is visibility and transparency. A fair and efficient tax system requires clear information on who owns what and what it is worth. The responsibility to provide this visibility should fall on those with wealth, through robust disclosure obligations and enforcement. Asset registries and linked databases are essential complements but should be designed to fill gaps and serve agreed public aims, not as an end in themselves. At present, information on the assets people own is fragmented across multiple databases, with significant gaps and often with outdated values. What available data indicates is that UK tax reform must address the deep inequalities in both wealth levels and asset types.

Table 1 shows UK household net wealth composition by asset class and wealth tier. The bottom 50% of households hold only 9% of aggregate household wealth. Many households in the lower wealth deciles have few, if any, property or financial assets, and some have negative net wealth. In these cases, physical goods and vehicles often make up the only positive component of their wealth.[18] Average household wealth is dominated by property (40%) and pensions (35%), hence the need to modernise property valuations and improve the transparency of pensions.[19] [20]

For the richest 10%, property and pensions still dominate, but financial and business assets begin to play an increasingly significant role. Among households with net wealth above £5m, financial and business holdings dominate their portfolio.[21] [22] This highlights the rising importance of marketable

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[16] OECD. (2015). *In It Together: Why less inequality benefits all*. https://doi.org/10.1787/9789264235120-en
[17] Rau, E. G., & Stokes, S. (2024). Income inequality and the erosion of democracy in the twenty-first century. *Proceedings of the National Academy of Sciences*, *121*(14), e2422543121. https://doi.org/10.1073/pnas.2422543121
[18] Office for National Statistics. (2025, April) *Privately Owned Wealth in the UK.* https://www.ons.gov.uk/aboutus/transparencyandgovernance/privatelyownedwealthintheuk
[19] Office for National Statistics. (2025). *Household total wealth in Great Britain: April 2020 to March 2022*. https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/totalwealthingreatbritain/april2020tomarch2022
[20] House of Commons Library. (2025, March) *Wealth in Great Britain*. https://researchbriefings.files.parliament.uk/documents/CBP-10210/CBP-10210.pdf
[21] Resolution Foundation. (2020). *UK's wealth distribution*. https://www.resolutionfoundation.org/app/uploads/2020/12/The-UKs-wealth-distribution.pdf
[22] Advani, A., Bangham, G., & Leslie, J. (2021). *The UK's wealth distribution and characteristics of high-wealth households* (CAGE Working Paper No. 576). University of Warwick. https://warwick.ac.uk/fac/soc/economics/research/centres/cage/manage/publications/wp576.2021.pdf

and complex assets, which are harder to track and tax effectively. Financial wealth at the top of the distribution (i.e., the richest 1%) exceeds that of the entire bottom 80% of households combined.[23] [24]

Table 1: UK household wealth composition by asset class and wealth tier[25]

Asset class	All households	Bottom 50%	Top 10%	Top 1%	Top 0.01%
Property (net)	40%	30%	38%	30%	20%
Private pensions	35%	25%	36%	25%	15%
Financial assets (ex-business)	14%	7%	15%	20%	25%
Physical assets	10%	38%	6%	5%	2%
Business Equity	1%	0%	5%	20%	38%
Total	100%	100%	100%	100%	100%

Source: Office for National Statistics (2025), "Household total wealth in Great Britain: April 2020 to March 2022."
Underlying data: ONS Wealth and Assets Survey (WAS), wave 7.
Note on data quality: The UK Statistics Authority temporarily removed the National Statistics designation from the WAS in June 2025 pending methodological improvements.

UK's visibility and valuation of different wealth stocks

There is no single, comprehensive asset register that profiles everyone's net wealth in the UK.[26] Instead, data on overall wealth ownership and distribution is pieced together through survey evidence. The most comprehensive snapshot of household assets and debts, which is provided by the Office for National Statistics' Wealth and Assets Survey, has major blind spots. It covers only a

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[23] Office for National Statistics. (2025). *Household total wealth in Great Britain: April 2020 to March 2022*. https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/totalwealthingreatbritain/april2020tomarch2022

[24] House of Commons Library. (2025, March). *Wealth in Great Britain*. https://researchbriefings.files.parliament.uk/documents/CBP-10210/CBP-10210.pdf

[25] Notes: Figures are derived from the Office for National Statistics (ONS), Wealth and Assets Survey (WAS), April 2020 – March 2022, published in Household total wealth in Great Britain (Statistical Bulletin, 24 January 2025). Columns show the composition of each tier's aggregate net household wealth, meaning each column sums to 100 percent. The All-households column represents the national composition of total household wealth across asset classes (property 40 %, private pensions 35 %, financial excluding business equity at 14 %, physical 10 %, business 1 %). The Bottom 50 % column has been recalculated from ONS microdata and supplementary tables to reflect the internal composition of the bottom half's wealth holdings, rather than their share of national totals. The Bottom 50 % collectively hold around 10 % of national wealth overall. Estimates for the Top 10 %, Top 1 %, and Top 0.01 % are based on WAS percentile-group data and adjusted using published distributions of financial and business assets, which are highly concentrated at the top. Small rounding differences may mean columns total 99 – 101 %.

[26] Bhattacharjee, A., da Silva Marioni, L., Mosley, M., & Pabst, A. (2024). *Exploring alternative data sources for household wealth statistics* (NIESR Discussion Paper 552). National Institute of Economic and Social Research. https://niesr.ac.uk/wp-content/uploads/2024/01/DP-552-Exploring-Alternative-Data-Sources-for-Household-Wealth-Statistics.pdf

sample of households, relies on people self-reporting their assets, and is not connected to official tax or property records. This means large parts of private wealth remain invisible to policymakers and HMRC.[27] The challenges in evaluating the different asset classes that wealth is locked away in is explored briefly here:

- HM Land Registry (HMLR) records property and land titles in England and Wales, but the register remains incomplete and opaque, and it is not a complete valuation register. Despite having the technical tools to modernise the system, the UK doesn't routinely revalue property for tax purposes, which entrenches unfairness and weakens fiscal capacity. Independent research and government estimates show that 12-15% of land in England and Wales remains undeclared in the land registry.[28] HMLR captures the purchase price when a property is sold, but many properties have not changed hands in decades. The UK's Valuation Office Agency does have expertise in mass appraisal, but valuations of domestic property are infrequent and not publicly linked to individual wealth records.

- Financial assets, including bank accounts, shares, bonds, investment funds, and pensions, are taxed as income flows - rather than as stocks of wealth, such as end-year balances and portfolio positions. Domestic banks and building societies report interest paid or credited to customers annually for income tax purposes,[29] and HMRC has records of tax-relieved pension contributions and eventually taxable withdrawals. However, there is no routine domestic reporting of entire account balances or portfolio valuations by banks or asset managers, nor a unified real-time valuation of each person's pension pot accessible to HMRC.[30] Reforms remain incomplete and currently provide no comprehensive picture of UK-based wealth.[31] [32]

- Valuing private business interests, for example interests held through companies, trusts or partnerships, is complex and is typically undertaken only when required, such as when inheritance tax is due on an estate that includes a private company or when a business is

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[27] Tippet, B. and Wildauer, R. (2024). *The good life at the top: Analysing The Sunday Times Rich List 1989-2024.* University of Greenwich
https://gala.gre.ac.uk/id/eprint/47247/2/47247_TIPPET_The_good_life_at_the_top_continued.pdf
[28] Powell-Smith, A. (2019, Jan. 11). The holes in the map: England's unregistered land. *Who Owns England?* https://whoownsengland.org/2019/01/11/the-holes-in-the-map-englands-unregistered-land/
[29] HM Revenue and Customs. (2024). *Bank and building society interest returns*.
https://www.gov.uk/guidance/bank-and-building-society-interest-returns
[30] HM Government. (2025, July). *Private pension statistics commentary: July 2025.*
https://www.gov.uk/government/statistics/personal-and-stakeholder-pensions-statistics/private-pension-statistics-commentary
[31] . (2024, October). *Amended Common Reporting Standard (CRS) XML schema.*
https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/10/amended-common-reporting-standard-xml-schema_27960161/dd7ee57a-en.pdf
[32] HM Revenue & Customs. (2025). *Better use of new and improved third-party data*,
https://www.gov.uk/government/consultations/better-use-of-new-and-improved-third-party-data

sold.[33] [34] [35] The UK has recently taken steps to improve ownership transparency through three regimes: the People with Significant Control (PSC) register at Companies House for UK companies, the Trust Registration Service (TRS) for trusts, and since 2022 the Register of Overseas Entities (ROE) for foreign companies that own UK property. These regimes still do not provide continuous market valuations, and trusts continue to limit what the public can see. Beneficiaries are not routinely disclosed on the PSC register or on the TRS, and trust information filed to the ROE is generally not public. From 31 August 2025, it will be possible to apply for access to certain trust information on the ROE, but access will depend on eligibility tests and safeguards. However, complex structures, including some trust arrangements, can still obscure the individuals who ultimately benefit from assets.[36] [37]

- High-value physical assets like artwork, jewellery, or collectibles are essentially invisible to authorities unless declared by the owner or discovered through an investigation. The state does, on occasion, value specialised assets – primarily in cases of divorce or inheritance, but this is done via an ad hoc system of independent professional valuators commissioned for legal or tax proceedings, or through bespoke valuation teams within HMRC such as the Shares and Assets Valuation unit.[38]

- One notable improvement in recent years has been the influx of data on UK taxpayers' offshore financial assets. Under the OECD's Common Reporting Standard (CRS) and the Foreign Account Tax Compliance Act (FATCA), HMRC now receives millions of records each year about accounts that UK residents hold with foreign banks and financial institutions. In 2022 alone, foreign authorities sent over 9.5maccount disclosures to HMRC covering UK-linked holders across more than 100 jurisdictions.[39] This data includes account holder identity, balance, and certain income types like interest and dividends.[40] In aggregate,

[33] HM Revenue & Customs. (n.d.). *IHTM25082 – Valuing the business: Investigating the balance sheet.* In *Inheritance Tax Manual.* https://www.gov.uk/hmrc-internal-manuals/inheritance-tax-manual/ihtm25082
[34] HM Revenue & Customs. (n.d.). *IHTM25082 – Valuing the business: Investigating the balance sheet.* In *Inheritance Tax Manual.* https://www.gov.uk/hmrc-internal-manuals/inheritance-tax-manual/ihtm25082
[35] HM Revenue & Customs. (n.d.). *Business relief for Inheritance Tax: Overview.* GOV.UK. https://www.gov.uk/business-relief-inheritance-tax
[36] Common Wealth. (2025). *Open for Business or Up for Sale? Institutional Investors in the UK Real Estate Market*. https://www.common-wealth.org/publications/open-for-business-or-up-for-sale-institutional-investors-in-the-uk-real-estate-market
[37] Reuters. (2024, Apr. 17). Opaque trusts still cloud British property ownership, lawmakers say, https://www.reuters.com/world/uk/opaque-trusts-still-cloud-british-property-ownership-lawmakers-say-2024-04-17/
[38] HM Revenue & Customs. (2025). *SVM101010 – Introduction: What does SAV do? https://www.gov.uk/hmrc-internal-manuals/shares-and-assets-valuation-manual/svm101010*
[39] Pam Insight. (2024). *Foreign tax authorities made 9.5m disclosures to HMRC about UK taxpayers last year.* https://www.paminsight.com/epc/article/foreign-tax-authorities-made-95m-disclosures-to-hmrc-about-uk-taxpayers-last-year
[40] OECD (2023). *Automatic Exchange of Information Implementation Report 2023,* https://www.oecd.org/tax/exchange-of-tax-information/automatic-exchange-of-information-report.htm

UK residents held at least £849bnin offshore accounts as of 2019 in countries that share data with the UK.[41] However, despite the scale of these exchanges, significant blind spots remain. CRS and FATCA exclude key secrecy jurisdictions, high-value offshore structures such as discretionary trusts, assets held through complex ownership chains, special-purpose vehicles, and alternative investment funds. Recent studies by the EU Tax Observatory and Tax Justice Network suggest that between £15bn and £25bn in UK-related wealth remains hidden offshore each year, beyond the reach of current data-sharing arrangements.[42] In their own analysis, HMRC says 3.9 million UK residents were identified as foreign-account holders in 2018 whilst only 3.2 million could be matched to an existing record meaning 18% were untraced. [43] These gaps demonstrate that transparency mechanisms, while valuable, are only as strong as their coverage and enforcement capacity.

Making wealth visible in the UK requires better tools to record, value and track assets. This would mean that the system could measure what it intends to tax. More systematic asset reporting has been a key pillar of the sustainability and efficacy of wealth taxation in Norway, Switzerland and Spain. In Norway, tax returns are pre-populated with information supplied through extensive third-party reporting (from banks, investment funds and registries).[44] [45] Taxpayers are asked to confirm data that has already been reported to the authorities, and property is revalued each year using market-based statistical models that reflect current conditions rather than outdated assessments.[46] Spain introduced a "reference value" for property in 2022 to replace inconsistent registries assessments, and mandatory reporting of foreign assets above €50,000.[47] [48] Across these countries, the common feature is that omission and gaming the system are relatively harder because the tax authority receives integrated and regularly updated information on what people own, in contrast with the UK's reliance on self-reporting and outdated valuations.

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[41] National Audit Office. (2025). *Collecting the right tax from wealthy individuals.* https://www.nao.org.uk/wp-content/uploads/2025/05/collecting-the-right-tax-from-wealthy-individuals-summary.pdf
[42] EU Tax Observatory (2023). *Global Tax Evasion Report 2023.* Paris: Sorbonne University. https://www.taxobservatory.eu/reports/global-tax-evasion-report-2023/
Tax Justice Network (2023). *State of Tax Justice 2023,* https://taxjustice.net/reports/state-of-tax-justice-2023/
[43] HM Revenue & Customs. (2024). *Undisclosed foreign income in Self Assessment by UK residents, 2018 to 2019.* https://www.gov.uk/government/statistics/undisclosed-foreign-income-in-self-assessment-by-uk-residents-2018-to-2019/undisclosed-foreign-income-in-self-assessment-by-uk-residents-2018-to-2019
[44] Norwegian Tax Administration. (2024). *Third party data reporting requirements*. Skatteetaten. https://www.skatteetaten.no/en/business-and-organisation/reporting-and-industries/third-party-data
[45] Norwegian Tax Administration. (n.d.). *Pre-completed tax return*. https://www.skatteetaten.no/en/person/taxes/tax-return/pre-completed
[46] Iacono, R., & Smedsvik, B. (2024). *Behavioral responses to wealth taxation: Evidence from a Norwegian reform* (WID.world Working Paper 2023/30) https://wid.world/document/behavioral-responses-to-wealth-taxation-evidence-from-a-norwegian-reform-wid-world-working-paper-2023-30
[47] Spanish Cadastre, Ministry of Finance. (2024). *Valor de referencia de los inmuebles*. https://www.catastro.hacienda.gob.es/esp/refere/valor_referencia.asp
[48] Agencia Tributaria. (n.d.). *Modelo 720: Declaración de bienes y derechos situados en el extranjero*. https://sede.agenciatributaria.gob.es/Sede/en_gb/ayuda/manuales-videos-folletos/manuales-practicos/modelo-720-presentacion-declaracion-informativa-sobre-bienes-y-derechos-situados-en-el-extranjero.html

Enforce fairness

Even with improved asset data, effective taxation depends on enforcement, or the ability of HMRC to leverage information, detect under-reporting and ensure compliance among those with the greatest incentive and means to avoid tax. Despite compliance yields of over £5bn annually from wealthy taxpayers, investigations are slow for large and complex cases, penalties are declining in number and value, offshore intelligence is under-used, and staffing lacks the specialist skills needed.[49] [50] [51]

Since 2017, the merger of specialist units for high-net-worth-individuals (HNWIs) has led to a diluted focus on the ultra-wealthy. HMRC's consolidated Wealthy Team covers about 850,000 people (the top 2% of taxpayers), defined as those earning over £200,000 annually or holding assets above £2m in at least one of the last three tax years.[52] Although the merger was intended to allow a holistic approach based on risk, the Wealthy Team's threshold casts a much wider net than other countries' definitions of high net worth,[53] and it goes contrary to the data on wealth distribution. ONS data shows that the top 1% hold over a fifth of all household wealth, while just a few thousand individuals possess assets above £50m.[54] [55] HNWIs under the Wealthy Team contribute around £119bn in personal taxes, or 25% of all personal tax receipts, but within this group there is huge disparity. An estimated 29,000 HNWIs earn over £1m a year, and around 5,000 have more than £50m in assets.[56]

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[49] National Audit Office. (2025). *Collecting the right tax from wealthy individuals*. https://www.nao.org.uk/wp-content/uploads/2025/05/collecting-the-right-tax-from-wealthy-individuals.pdf

[50] ICAEW. (2025). *HMRC more than doubles its compliance yield from wealthy individuals*. https://www.icaew.com/insights/tax-news/2025/may-2025/hmrc-more-than-doubles-its-compliance-yield-from-wealthy-individuals

[51] public Accounts Committee. (2024). *On prosecutions: HMRC prosecuted only 25 wealthy taxpayers in 2023–24, a low number relative to the population of wealthy individuals* [NAO evidence transcript]. https://committees.parliament.uk/oralevidence/16086/pdf/

[52] HM Revenue and Customs. (2025). *Tax by different customer groups – 2023 to 2024*. https://www.gov.uk/government/publications/hmrc-annual-report-and-accounts-2023-to-2024-technical-notes/tax-by-different-customer-groups-2023-to-2024

[53] By comparison, the OECD and most financial institutions define HNWIs as those with over US $1 million (~£800k) in investable assets, excluding their primary residence. The IMF also often uses this $1m benchmark in cross-country wealth statistics. In the US, the IRS applies its "Wealthy" compliance unit threshold to those with income above US $1 million or assets over US $10 million, which is a much narrower and higher-end group than HMRC's £200k/£2m test. (OECD, 2009)

[54] Office for National Statistics. (2025). *Total Wealth in Great Britain: April 2020 to March 2022.* Statistical Bulletin. https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/totalwealthingreatbritain/april2020tomarch2022

[55] Advani, A., Hughson, H., & Summers, A. (2023). How much tax do the rich really pay? Evidence from the UK. *Oxford Review of Economic Policy, 39*(3), 406–437.https://doi.org/10.1093/oxrep/grad032

[56] National Audit Office. (2025). *HMRC secures more of the tax due from wealthy people, with further gains possible.* https://www.nao.org.uk/press-releases/hmrc-secures-more-of-the-tax-due-from-wealthy-people-with-further-gains-possible/

It is at that very top of the wealth ladder that the tax system becomes regressive. When you consider income together with realised and unrealised capital gains, those at the very top pay a lower effective average tax rate (EATR) than almost anyone else in the top million earners.[57] HMRC has not evaluated whether grouping everyone together has affected compliance outcomes, and it does not systematically analyse results by wealth bands (eg how much of the tax gap or yield comes from individuals with wealth at or above £50m versus those at £2m).[58] Despite its significance, HMRC allocates fewer than 1,000 staff to the Wealthy Team (roughly 984 posts below senior civil service grades), this despite an ever-growing population of HNWIs. Risk-based selection means only about 15,000 of the most complex cases (2%) receive continuous monitoring, while the rest are dealt with through targeted inquiries or projects.[59]

HMRC's investigations into wealthy individuals are often slow and resource intensive. For cases yielding over £100,000, the average duration in 2023-24 was roughly three and a half years, up from 27 months in 2021-22. The National Audit Office (NAO)'s report, Collecting the Right Tax from Wealthy Individuals, in May 2025 reported examples where investigations could not proceed because enquiry deadlines had been missed due to insufficient resources or delayed actions. Whilst compliance yield (tax revenue brought in through the team's efforts beyond what taxpayers voluntarily paid) has more than doubled from £2.2bn in 2019–20 to £5.2bn in 2023–24, much of that is driven by a small number of large cases.[60] [61] The official "wealthy tax gap" by HMRC, at £1.6-£1.9 billion per year, is far below what enforcement activity is recovering. Nearly half of the £1.5bn raised by the Wealthy and Mid-Size Business Compliance team in 2023–24 came from a single settlement with Bernie Ecclestone.[62] The gap indicates that HMRC's current methods are likely missing a great deal of hidden non-compliance.

Another indicator of a compliance gap is a collapse in penalties, from 2,153 (14% of cases) in 2018–19 to just 456 (about 5% of the cases closed that year) in 2023-24, and only 25 prosecutions of

[57] Arun Advani, Helen Hughson, Andy Summers, How much tax do the rich really pay? Evidence from the UK, Oxford Review of Economic Policy, Volume 39, Issue 3, Autumn 2023, Pages 406–437, https://doi.org/10.1093/oxrep/grad032

[58] National Audit Office. (2025). *Collecting the right tax from wealthy individuals.* https://www.nao.org.uk/wp-content/uploads/2025/05/collecting-the-right-tax-from-wealthy-individuals-summary.pdf

[59] HM Revenue and Customs. (2022). *Overview of how HMRC collects the right tax from wealthy individuals.* https://www.gov.uk/government/publications/how-hmrc-collects-the-right-tax-from-wealthy-individuals/how-hmrc-collects-the-right-tax-from-wealthy-individuals

[60] National Audit Office. (2025). *Collecting the right tax from wealthy individuals* (HC 876, Session 2024–25, 16 May 2025). https://www.nao.org.uk/wp-content/uploads/2025/05/collecting-the-right-tax-from-wealthy-individuals.pdf

[61] Financial Times. (2025, May 16). *UK special investigations team doubles tax haul in crackdown on the rich*. https://www.ft.com/content/2b23f42d-0d62-4f11-b4d7-251b7a8252a8

[62] Financial Times. (2025, May 16). *UK special investigations team doubles tax haul in crackdown on the rich*. https://www.ft.com/content/2b23f42d-0d62-4f11-b4d7-251b7a8252a8

wealthy tax evaders in 2023.[63] While HMRC emphasises "upstream" approaches, such as preventative measures like issuing nudge letters or guidance, to improve voluntary compliance, the fall in sanctions risks weakening deterrence.[64]

Despite receiving millions of records on UK-linked offshore accounts under the CRS, fewer than 5% of completed wealthy investigations involve offshore issues, potentially reflecting an under-utilisation of available intelligence. HMRC explains that its Fraud Investigation Service and other specialist units also handle offshore evasion cases involving the wealthy, but it also conceded that it cannot quantify how many of them are being handled elsewhere.[65] This siloed approach means there is no single dashboard of how much offshore non-compliance among the wealthy is being tackled. If, for example, a wealth tax (or a tax on the stock of wealth) were introduced, offshore assets would be a prime avoidance route (moving wealth abroad), so HMRC's ability to chase that money is crucial.

Finally, the Wealthy Team suffers from critical skills gaps. Most staff are from the general "tax professional" stream, the traditional tax compliance officers, and operational staff, with only a handful of data analysts, legal specialists, or valuation experts. At the Grade 7 level (senior tax inspectors who lead cases), over 130 are tax professionals, but fewer than five have digital/data analytics roles and similarly less than five are legal professionals. A similar pattern exists at lower grades, eg among higher officers, 263 are tax specialists versus only a handful of intelligence analysts or tech experts.[66]

This imbalance slows investigations, forces reliance on external consultants, and limits HMRC's ability to challenge sophisticated avoidance structures, such as trusts. In March 2025, HMRC announced plans to recruit experts from private-sector wealth management and invest in advanced analytics to help identify hidden wealth. The NAO also called for HMRC to address staffing and skills gaps, ensuring more specialist caseworkers for high-net-worth compliance. These are promising steps that underscore how enforcement capacity must evolve to keep pace with those who can afford teams of advisers to exploit loopholes.[67]

Enforcing fairness requires a sharper focus on the ultra-wealthy, systematic use of offshore data, and substantial investment in specialist capacity. Without this, enforcement will remain piecemeal and skewed toward symbolic wins rather than systemic fairness.

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[63] HM Revenue and Customs. (2022). *Overview of how HMRC collects the right tax from wealthy individuals*. https://www.gov.uk/government/publications/how-hmrc-collects-the-right-tax-from-wealthy-individuals/how-hmrc-collects-the-right-tax-from-wealthy-individuals

[64] HM Revenue and Customs. (2022). *Overview of how HMRC collects the right tax from wealthy individuals*. https://www.gov.uk/government/publications/how-hmrc-collects-the-right-tax-from-wealthy-individuals/how-hmrc-collects-the-right-tax-from-wealthy-individuals

[65] National Audit Office. (2025). *Collecting the right tax from wealthy individuals*. https://www.nao.org.uk/wp-content/uploads/2025/05/collecting-the-right-tax-from-wealthy-individuals-summary.pdf

[66] HM Revenue and Customs. (2025). *Freedom of Information (FoI) response to authors' request regarding tax compliance among wealthy individuals* [Unpublished internal document].

[67] National Audit Office. (2025). *Collecting the right tax from wealthy individuals.* https://www.nao.org.uk/wp-content/uploads/2025/05/collecting-the-right-tax-from-wealthy-individuals-summary.pdf

Recommendation: a High Wealth Compliance Programme

The UK's tax system has not kept pace with the realities of modern wealth. Examples from Norway and Switzerland point to the importance of integrated data and pre-filled returns for sustained and effective taxes on the stocks of wealth. In Spain, measures that strengthened valuation and transparency enabled the government to revive a one-off wealth tax. In contrast, examples from France and Germany highlight the risks of weak enforcement and outdated valuations, where poor design led to political backlash, a repeal (in France) and failed proposals and legal challenges (in Germany).[68] [69] [70] The UK can learn from this international experience.

We recommend that the government establish a High Wealth Compliance Programme. It would be a cross-departmental, time-bound initiative jointly led by HM Treasury, HMRC and the Cabinet Office, with the single aim of ensuring that, by the end of this Parliament, the state has the capability to see, value and tax high wealth effectively.

The UK's tax base has become dangerously narrow because the state cannot reliably identify who owns what, where assets are held, or what they are worth. Property valuations are decades out of date and information on trusts, private companies and offshore holdings remains patchy. Enforcement capacity has also not kept pace with the growing complexity of modern wealth. The result is a growing loss of trust that the very richest are contributing on the same terms as everyone else.

The High Wealth Compliance Programme must therefore move beyond piecemeal reform. It should create a single, accountable vehicle to deliver the infrastructure of fair taxation. Its core objectives should be to:

- **Build a coherent wealth information framework** – link property, land, company, trust and financial asset data to create a consolidated picture of high-wealth ownership.
- **Modernise valuation systems** – establish regular, model-based revaluation of property and business assets, and introduce third-party reporting for financial portfolios, pensions and crypto assets.
- **Strengthen compliance and enforcement** – expand HMRC's specialist capacity with dedicated teams of data analysts, legal and valuation experts focused on the top 1% of wealth holders; systematically use offshore and international data to close high-value gaps.
- **Upgrade legal powers and reporting duties** – ensure banks, registries, advisers and asset managers are required to provide accurate, real-time information; and close loopholes that allow ownership to be concealed through trusts or complex company structures.

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[68] Garbinti, B., Goupille Lebret, J., Munoz, M., Stantcheva, S., & Zucman, G. (2024). *Tax design, information and elasticities: Evidence from the French wealth tax*.https://gabriel-zucman.eu/files/GGMSZ2024.pdf
[69] Perret, S. (2021). *Why were most wealth taxes abandoned in Europe? Fiscal Studies, 42*(3–4), 611–647. https://onlinelibrary.wiley.com/doi/10.1111/1475-5890.12278
[70] Tax Foundation. (n.d.). *The high cost of wealth taxes (EU context)*. https://taxfoundation.org/research/all/eu/wealth-tax-impact/

- **Maintain public trust and accountability** – publish annual aggregate statistics on wealth concentration, compliance outcomes and enforcement yields; and ensure independent oversight of programme delivery through an expert advisory panel reporting to Parliament.

To guarantee success, the Programme should have:

- **Dedicated ministerial sponsorship and funding** – with a defined multi-year budget and clear milestones;
- **Tight cross-government governance** – aligning HMRC's compliance work with reforms at Companies House, the Land Registry, the Ministry of Justice, and the Home Office;
- **Legislative time** – to secure necessary powers for valuation, identity verification, and penalties.
- **Independent oversight** – ensuring transparency, delivery discipline and public legitimacy.

By the end of its mandate, the High Wealth Compliance Programme should have delivered a functioning system of asset visibility and enforcement, providing the infrastructure that allows future governments to design and sustain fair taxes on wealth.

This is not about creating new taxes overnight but ensuring that the UK can finally administer the taxes it already has with integrity and confidence. By making wealth visible and taxes enforceable, the government can restore fairness, rebuild public trust and strengthen the fiscal foundations on which the country's long-term prosperity depends.

We discuss the structure, timelines and terms of reference of this programme in a forthcoming report.

Conclusion

The UK cannot build a fair and sustainable tax system while so much wealth remains hidden from view and undertaxed or untaxed. Our institutions are not yet equipped to track, value and enforce taxation on wealth effectively, leaving space for the wealthiest to exploit gaps in the system. Other countries show that with strong foundations, tax administrations can be credible and sustain diverse tax instruments on HNWIs. Launching a High Wealth Compliance Programme is the chance to get those foundations right. Gathering and linking data and strengthening compliance capabilities will ensure that HNWIs can no longer slip through the net. By doing so, the government can expose and tax wealth fairly and go some way in restoring public trust in the tax system.