# UK’s wealthiest brace for tax hikes amid growing economic and political uncertainty



Around four in five high-net-worth families in the UK are bracing for tax hikes in the coming year amid widespread concerns over what the autumn Budget might hold, according to a recent report by wealth manager Saltus. Their bi-annual Wealth Index Survey, which sampled more than 2,000 adults with investable assets of at least £250,000, reveals growing anxiety among the nation's wealthiest about punitive fiscal policies that could erode their wealth. Nearly half of these individuals now regard tax changes as the biggest threat to their fortunes, second only to inflation, which currently stands at 3.8%.

The Saltus report highlights that 78% of wealthy families anticipate a significant series of tax increases within the next 12 months. Chief among these concerns is capital gains tax (CGT), with 46% expecting a rise. CGT, which applies to profits from the sale of assets such as stocks, properties, and valuable possessions, has become a particular focus since the government sharply reduced the annual exemption from £12,300 to £3,000 and increased rates in last year's Budget. Currently, higher and additional-rate taxpayers pay 24%, up from 20%, with campaigners pushing for alignment of CGT rates with income tax bands, potentially raising them to as high as 45%.

Income tax, despite Labour's manifesto pledge not to increase it, is also causing unease. Around 40% of wealthy families fear the government will break its promise and hike income tax soon. Inheritance tax (IHT) reform is another flashpoint, with many expecting the threshold rates to be frozen or the tax rate to rise beyond the current 40%. Labour's proposed changes include rolling unused pension pots into the IHT net from April 2027 and capping agricultural and business property reliefs at £1 million per person, threatening to impact family-owned farms and estates significantly.

This looming tax environment is already prompting the affluent to seek financial advice and implement protective strategies such as trusts, gifting, and estate planning to preserve their legacies. Mike Stimpson, partner at Saltus, remarked that while confidence in the UK economy among high-net-worth individuals has tentatively recovered from record lows earlier this year, it remains fragile, overshadowed by tax uncertainties and inflationary pressures. "This cohort are the wealth creators, investors and employers who drive economic growth—if their confidence is undermined by continual uncertainty, that has consequences for everyone," he noted.

Despite a small rise in economic confidence from 48% in February to 66% in August, the sentiment remains subdued compared to pre-Budget levels, which stood at 84%. Dr Michael Peacey, senior lecturer at the University of Bristol and compiler of the index, observed that the current sentiment was buoyed by recent positive market trends and UK-US trade progress but tempered by persistent inflation, geopolitical uncertainty, and the spectre of further tax hikes. Notably, only one in five wealthy families reported feeling confident about the economic outlook, with 5% describing themselves as extremely unconfident.

The political ramifications are also evident: although nearly half of the wealthiest voters supported Labour at the last General Election, almost half of them now regret their choice. This disenchantment is primarily due to economic underperformance, increasing taxation, and underfunding of key services such as the NHS. The planned extension of inheritance tax to pension pots, along with changes to property reliefs, are cited as particularly contentious measures.

Such fiscal pressures have sparked thoughts of relocation, with a quarter of high-net-worth individuals considering emigrating. While Brexit remains a key driver, making up 20% of the reasons, changes to IHT and pension taxation have also pushed 16% to contemplate leaving the UK. Additionally, the introduction of VAT on private school fees—impacting nine in ten wealthy families sending their children to private education—has forced many to make sacrifices or rethink their plans.

Against this backdrop, Chancellor Rachel Reeves faces a challenging balancing act. Government sources report her efforts to avoid excessive tax rises include pushing Whitehall departments to deliver 5% efficiencies by 2029, targeting wasteful spending. Yet, ongoing public spending pressures mean tax reforms such as extending IHT to pension pots—which could generate up to £2 billion annually—remain under active consideration to meet fiscal targets.

In summary, the UK's wealthiest appear to be entering a period of heightened vigilance and strategic defence as they navigate a fiscal landscape marked by looming tax increases and economic uncertainty. Their cautious sentiment and protective measures underscore broader concerns about the impact of the upcoming Budget and the broader direction of Labour's economic policies on investment and growth.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/tax/article-15129103/Four-five-nations-wealthiest-brace-tax-hikes-amid-storm-Budget-rumours.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/money/tax/article-15129103/Four-five-nations-wealthiest-brace-tax-hikes-amid-storm-Budget-rumours.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 3 – [[1]](https://www.dailymail.co.uk/money/tax/article-15129103/Four-five-nations-wealthiest-brace-tax-hikes-amid-storm-Budget-rumours.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 4 – [[1]](https://www.dailymail.co.uk/money/tax/article-15129103/Four-five-nations-wealthiest-brace-tax-hikes-amid-storm-Budget-rumours.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 5 – [[1]](https://www.dailymail.co.uk/money/tax/article-15129103/Four-five-nations-wealthiest-brace-tax-hikes-amid-storm-Budget-rumours.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 6 – [[1]](https://www.dailymail.co.uk/money/tax/article-15129103/Four-five-nations-wealthiest-brace-tax-hikes-amid-storm-Budget-rumours.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 7 – [[1]](https://www.dailymail.co.uk/money/tax/article-15129103/Four-five-nations-wealthiest-brace-tax-hikes-amid-storm-Budget-rumours.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.dailymail.co.uk/news/article-13641133/Rachel-Reeves-urged-consider-inheritance-tax-raid-pension-pots-raise-2-billion-year-Chancellor-faces-pressure-meet-public-spending-targets.html)
* Paragraph 8 – [[1]](https://www.dailymail.co.uk/money/tax/article-15129103/Four-five-nations-wealthiest-brace-tax-hikes-amid-storm-Budget-rumours.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[3]](https://www.dailymail.co.uk/news/article-14176661/Rachel-Reeves-iron-fist-government-waste-spending-review-Labour-tax-rises.html)

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## Bibliography

1. <https://www.dailymail.co.uk/money/tax/article-15129103/Four-five-nations-wealthiest-brace-tax-hikes-amid-storm-Budget-rumours.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.dailymail.co.uk/news/article-13641133/Rachel-Reeves-urged-consider-inheritance-tax-raid-pension-pots-raise-2-billion-year-Chancellor-faces-pressure-meet-public-spending-targets.html> - This article discusses calls for Chancellor Rachel Reeves to consider imposing inheritance tax on pension pots, potentially raising up to £2 billion annually. The proposal aims to address public spending targets and is part of broader discussions on fiscal policy and tax reforms in the UK.
3. <https://www.dailymail.co.uk/news/article-14176661/Rachel-Reeves-iron-fist-government-waste-spending-review-Labour-tax-rises.html> - The article reports on Rachel Reeves' directive for Whitehall departments to achieve 5% efficiencies by 2029, emphasising a stringent approach to government waste. This move is part of Labour's strategy to avoid additional tax hikes while addressing public spending concerns.
4. <https://www.dailymail.co.uk/news/article-9442247/Len-Blavatnik-richest-Britains-85-billionaires-23bn-fortune.html> - This piece highlights that Len Blavatnik is the wealthiest among Britain's 85 billionaires, with a fortune of £23 billion. The article provides insights into Blavatnik's business ventures and his position in the UK's financial landscape.
5. <https://www.dailymail.co.uk/news/article-10850271/Elizabeth-Line-FINALLY-opens-without-Sunday-service-WiFi-line-doesnt-open-until-2023.html> - The article covers the delayed opening of the Elizabeth Line, noting the absence of Sunday services and Wi-Fi. It also mentions that the full line is not expected to open until 2023, highlighting the challenges faced during its rollout.
6. <https://www.dailymail.co.uk/shopping-uk/article-12707473/ninja-launches-early-black-friday-deals-2023.html> - This article details Ninja's early Black Friday deals for 2023, including significant discounts on their popular air fryer models. It provides information on the products, pricing, and availability, catering to consumers looking for early holiday shopping deals.
7. <https://www.dailymail.co.uk/shopping-uk/article-12753025/aldi-specialbuys-extra-large-winter-spice-candle-uk-2023.html> - The piece highlights Aldi's special buy of a giant six-wick winter spice candle, priced £70 cheaper than high-end brands. It discusses the product's features, pricing, and availability, appealing to consumers seeking affordable festive home décor.