

## Autumn Statement: Professor Karen Rowlingson



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Prediction:

The chancellor wants to cut benefits and taxes but needs to keep the Liberal Democrats on board. This gives business secretary Vince Cable another chance to get his 'mansion tax' on the books.

Opponents of the tax will point to the impact on widows living on a low income in an expensive family home. But there are actually very few people in this category. Only 4% of those who were retired in 2010 had a poverty level income and housing equity over £100,000 - not anywhere close to a mansion tax level of £2m. And the Liberal Democrats have suggested that where there are any widows or widowers who might struggle with the tax they can roll it up and pay it when they die.

Rather than introducing a mansion tax, however, we could reform council tax to make it more progressive. Or we could replace it with an annual property or land value tax or a more comprehensive wealth tax. The debate on this has most recently been revived by the **Mirrlees Review** (<http://www.ifs.org.uk/mirrleesReview>) of taxation which argued that the government should consider replacing council tax and stamp duty with a more progressive tax proportional to the current value of housing. Mirrlees also called for inheritance tax to be replaced by a more progressive and comprehensive lifetime wealth transfer tax. We need a more fundamental debate about wealth taxation in the UK and this is exactly the debate that **CHASM's Policy Commission on the Distribution of Wealth** (<http://www.birmingham.ac.uk/research/impact/policy-commissions/wealth/index.aspx>) is currently engaging in.

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