THE WEALTH OF OUR NATION

RESTORE BRITAIN'S ECONOMIC PHILOSOPHY

RESTORE BRITAIN

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FOREWORD

The British state has now definitively become the enemy of the British people. Rather than serve our interests, an out-of-touch elite, addicted to central planning, has instead treated us like guinea pigs in some perverse experiment. They have waged an all-out war on our freedoms, now escalated by an incompetent Labour government and a bloated civil service.

Businesses are allowed to stay in private hands, but increasingly find themselves fettered by regulation, price controls, minimum wages, employment laws, and a network of rapacious lawyers, increasingly feasting like parasites on the back of productive Britain. It is best described as a corporatist command economy – a kind of UK version of the USSR, which maintains the illusion of a free society but, short of dramatic change, will end in the same ignominious collapse. State-backed projects such as Net Zero and forced diversity have not only licensed far-reaching intrusion into our lives, but made us poorer. Our most successful rainmakers are leaving the country, to be replaced by low-grade immigrants who stand to benefit from our undiscerning, ever-expanding welfare state.

This paper sets out the roadmap to restoring Britain as a competitive, free, and prosperous nation. We call for an end to state-led micromanagement. Such invasiveness undermines natural human relationships and distorts organic price mechanisms – both of which are needed for a society to flourish. We believe in government with a light touch. That means sound money, private property rights, and a small, judicious, patriotic state committed to serving, not smothering, the British people. We plot a responsible course of tax cuts in step with a reduction in state expenditure.

Concerns may be raised about the scale of our ambitions, but we trust in the ingenuity of the British people. Enterprising Britons who have been forced to leave by the senselessness of our current system will have every reason to return while their replacements here on welfare will have every reason to leave.

The spirit of achievement through hard work and honest dealing will once again be celebrated.

Rupert Lowe MP

"The love of money," we know, "is the root of all evil;" but not the thing itself. The fault does not lie in the money, but in them that use it.

John Wesley ("The Use of Money", 1760)

[T]he more the state "plans" the more difficult planning becomes for the individual.

Friedrich von Hayek (*The Road to Serfdom*, 1944)

EXECUTIVE SUMMARY

At Restore Britain, we diagnose the United Kingdom as experiencing sustained economic decline driven by deliberate policy choices made by all governing parties in recent decades.

We note that Britain has shifted from a relatively low-tax, moderate-spending economy with strong public finances to one in which the state accounts for nearly half of economic activity, taxation reaches its highest share of national income since 1948, public debt has risen to nearly 100% of GDP, and GDP per head growth has stagnated at levels unseen since the Industrial Revolution.

We highlight the continual flight of skilled British nationals abroad, combined with an even more damaging process of mass low-skilled immigration at home. To make matters worse, the British wealth creators who remain face excessive regulation, complex and high taxation, and deteriorating public service outcomes despite record spending. We reject the proposition that public services fail primarily due to underfunding. In our assessment, the growth in the size and scope of the state has crowded out the private sector, undermined competitiveness, and produced counter-productive results.

We therefore propose a multi-decade project that seeks to wean the state off excessive spending while prioritising fiscal and monetary stability. We recognise the private sector as the primary engine of wealth creation and would seek to create legislative conditions to stimulate rapid economic growth. This would be supported by policies that strengthen the family and wider communities, uphold the rule of law, mark a return to modest and sensible regulation, and return decision-making power to the individual. We hold that prosperity arises from the hard work of the British people, not from the expansion of the state.

MONETARY POLICY

We criticise the Bank of England's post-1997 independence and subsequent record, particularly the Quantitative Easing programmes that fuelled asset inflation, intergenerational unfairness in housing, and the post-COVID inflation peak of 11.1%. While maintaining our unequivocal commitment in price stability as currently defined our proposals include nominating new members of the Monetary Policy Committee who are committed to stability; requiring explicit authorisation from the Chancellor of the Exchequer for any monetary expansion, thereby ending the routine monetisation of deficits; placing greater interim emphasis on broad money-supply aggregates.

FISCAL FRAMEWORK

Fiscal stability constitutes the cornerstone of our approach: balancing the budget and gradually reducing the debt-to-GDP ratio. We aim to claw back as much of the £300 billion in excess post-2019 spending through incremental, fully funded adjustments. We estimate total savings of around £178 billion by the end of the first Parliament – approximately two-thirds of the post-2019 excess – equivalent to about £35 billion per annum compound or 3% of the budget annually. Our guiding principles, as shall be seen in due course, are fiscal fairness, fiscal pragmatism, fiscal responsibility, and fiscal accountability.

Our key spending measures include the following:

- **Welfare:** Given our belief in the pressing need for inter-generational fairness, we will secure the state pension but end the triple lock, linking it instead to CPI. As for how pensions operate, we would again pursue fairness by bringing our overly generous public sector schemes in line with those available in the private sector. We would freeze working-age benefits at 2025-26 levels for the duration of the Parliament; and restrict all working-age benefits to British citizens only, with no access for temporary visa holders, those with Indefinite Leave to Remain, or illegal migrants. We estimate savings of £70-80 billion per annum from the full range of working-age benefits by the end of the first Parliament.
- **QUANGOs:** We will freeze aggregate budgets, generating savings of approximately £8 billion per annum compound or £40-45 billion by the end of the first Parliament, and review all bodies for abolition, scaling back, or full ministerial oversight (currently some 438 bodies spending £376-391 billion).
- **Healthcare:** The National Health Service will remain free at the point of

use for citizens; non-citizens will be charged at market rates; and private health costs will become tax-deductible, a measure we expect to prove fiscally positive through reduced NHS demand. We estimate a net annual benefit of £20 billion.

- **Education:** State education will remain free, with schools operating independently at the institutional level and funded according to pupil numbers; private school fees will become tax-deductible and education will be exempt from VAT. We estimate an annual contribution of £10 billion.
- **Energy:** We will end all net-zero-related public expenditure, saving approximately £15-20 billion annually to the public purse and a multiple of that to the private sector.
- **Budget Freeze:** We will freeze most departmental budgets (excluding defence, health, and debt interest) for three years, generating further savings of £3-4 billion per year.

TAX PROPOSALS

By the end of the first Parliament, before assuming any growth multiplier, tax cuts of approximately £155 billion per annum are proposed. They would be matched to spending savings and introduced only when fully funded, with the ambition of reducing the overall tax burden. Our emphasis is on simplicity, fairness, transparency, predictability, and growth. The principal measures are:

- **Income tax:** raise the personal allowance to £16,000; extend the basic-rate band to £100,000; and restore the full allowance to all taxpayers (estimated cost £49 billion).
- **Corporation tax:** introduce a zero rate on the first £50,000 of profits, thereby removing approximately 95% of companies from the regime; restore the 19% rate above that threshold (with an aspiration of 15% later); and phase out various sector-specific levies (estimated cost £41 billion).
- **Abolish small taxes:** Abolition of stamp duty in all forms (approximately £18 billion), inheritance tax (approximately £9 billion), insurance premium tax (approximately £9 billion), air passenger duty (approximately £4 billion), the emissions trading scheme (approximately £3 billion), and the climate change levy (approximately £1-2 billion).

- **Capital gains tax:** raise the annual allowance substantially (to £20,000-£40,000; estimated cost £0.7 billion).
- **VAT:** reduce the standard rate to 18% and raise the registration threshold to £150,000 (combined estimated cost £20-22 billion).

While we do not assume this in any of our calculations, we anticipate a growth multiplier of at least 1% of GDP per annum arising from these changes through higher investment, increased confidence, and private-sector expansion. This would produce higher absolute tax revenues over time despite lower rates and thereby support improved public services. We will stage the reforms to preserve stability, while making the direction of travel unambiguous: lower taxes, reduced spending, and sharply curtailed regulation.

Detailed sector-specific papers will follow. Our overall vision is a smaller, purpose-driven state that prioritises individual and family independence, monetary and fiscal discipline, and long-term national prosperity.

INTRODUCTION

There was a time in our country's proud history when Britain was the wealthiest nation on earth. Even though the inevitable rise of the United States and the immense costs of two world wars ended our dominant position, Britain still remained a strong and prosperous economy. Today, though, Britain is becoming a second-rate economic power.

Modern Britain finds herself in a position of sustained economic decline. Taxation as a share of national income is at its highest level since 1948. The productive private sector has been increasingly crowded out by a burgeoning and inefficient state, which now accounts for close to half of all economic activity. Public debt has risen materially, while growth in output per head has stagnated to an extent not seen in any prolonged period since the Industrial Revolution.

This decline was not inevitable. It has been set in motion by deliberate political choices. Successive governments, both Conservative and Labour, have abandoned the economic principles that underpinned Britain's historic prosperity. Our competitiveness has been undermined, regulation has expanded intrusively into almost every sphere of life, taxation has increased, and the role of the state has grown far beyond its proper function.

Only three decades ago Britain was characterised by relatively low taxation, moderate public spending, stable prices, and a broadly functional state. It possessed one of the strongest public balance sheets in the developed world, attracted substantial inward investment, and enjoyed steady economic growth. Now, despite an extra £300 billion of public spending (in nominal terms it is even higher) since 2020, most Britons believe the resulting services to be materially worse than before.

Worse still, we face considerable labour issues, with some 246,000 British nationals, many of them young and enterprising, fleeing their home to less economically intrusive parts of the world – from Australia to Dubai – in the year ending December 2025 alone.[1] This brain drain has been accompanied by mass inward migration of foreign peoples with much lower skills, often from culturally incompatible third-world nations. This influx has acted as a net drain on public services and contributed to a profoundly unbalanced housing market. We view the replacement of our children and grandchildren with less productive, low-skilled foreign labour as a very poor trade. For a nation to grow and prosper, it must provide better opportunities for future generations. In this respect, the current system has failed on every metric.

Without exaggeration we face a crisis. The crisis is economic, cultural and moral. This paper largely deals with one aspect of the crisis, namely the economic aspect. However, we at Restore Britain acknowledge that economic decisions always have moral and cultural consequences. Our purpose here is to outline how we can turn our once great nation around and share in a fairer and more prosperous future.

We thus outline our general economic philosophy. Future papers will address the specifics involved in areas such as student loan repayments, regulatory cutbacks, and much else in greater detail.

We set out our direction of travel and where we wish to be at the end of the first Parliament, five years after an election. The pace of our reforms will be determined by the need for stability and our tax cuts will be strictly funded with public spending adjustments. But the direction is clear: taxes will fall, spending will be reduced, and the web of needless regulation will be slashed.

Our aim is to return as much economic decision-making capacity to ordinary people as possible. This we believe is the only direction compatible with both a free society and long-term prosperity. Our priority is to foster the conditions for strong independent families and neighbourhoods. This is a moral vision that rejects overbearing state coercion in favour of the integrity of the family and the freedom of the individual.

We believe that prosperity comes from the hard work of the British people. Our

[1] See Office for National Statistics, Long-term international migration, provisional: year ending December 2025, 21 May, 2026.

proposals are a radical shift from previous Labour and Conservative governments, who have overseen a period of rapid decline, but necessary to put Britain's derailed economy back on the right track. Although our policies are a radical change, our aims are not unrealistic. We shall pursue them tactfully, but we dissent from the conventional wisdom that essential public services – be it healthcare or education – are faltering for lack of financial resources. Within two Parliaments, our target is a tax, spending, and regulatory regime on course to become roughly equivalent within a further ten years to that inherited by Tony Blair in 1997 – a state of circa 33% GDP, as opposed to 45% today. All told, this is a decades-long project.

Needless to say, there is no inherent magic to this 33% figure. We care more about the purpose of government than the size of government. These are of course related questions, but they are not identical. The British state grew in *size* throughout the Second World War without undergoing a change in *purpose*. A perennial purpose – in this case, the duty to defend the realm – merely adapted to a new situation, which in turn required an expansion in size. At Restore Britain, we believe that the size of government should follow the purpose of government, not the other way around. But in practice, given our opposition to the constant interference of modern bureaucracy in our lives and our support for government with a maximally light touch, this will mean a smaller state – at the very least similar in size to what we had before 1997.

We can achieve these targets, not *despite* the desire for improved public services, but in a way that *fulfils* the desire for improved public services. The British state spent an eye-watering £1,290 billion on such services last year. Assuming 29 million households, that adds up to £44,000 per household. We believe the British people deserve better public services for such large sums. With such excessive government spending, our leaders forget how national wealth is built up, as well as how critical it is for Britain to be globally competitive if we are to have any future at all.

Our recovery as a nation will be neither easy nor immediate. Decay is at least 30 years in the making, so recovery cannot be painless. It will be slow initially, but as confidence builds it will gather pace. To continue as we are is to guarantee our failure.There are plenty of examples throughout history of troubled lands rejuvenating themselves, but perhaps the example closest to home is that of Eastern Europe after the Cold War. Following the collapse of the Soviet Union, most Eastern European countries were demoralised, poor, and manufacturing items that few wanted. Today, Poland is on track to be richer by head than Britain within 10 years.[2] Britain's GDP per capita was approximately 8.9 times higher than Poland's in 1991, a testament to Poland's success and our failure.[3]

If, in a world of geopolitical uncertainty, we cannot find a way to grow Britain's prosperity, ours will be the last privileged generation in these Isles. It is that serious. In the coming months, we will flesh out in detail our ideas, but here is the overview of our plan.

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[2] See Tim Wigmore, Poland was once a 'communist, third-world country'. Now, it's overtaking Britain, *The Telegraph*, 8 January, 2026.
[3] See World Bank Group, GDP per capita (current US$).

A society that chooses between capitalism and socialism does not choose between two social systems; it chooses between social cooperation and the disintegration of society.

Ludwig von Mises (*Human Action: A Treatise on Economics*, 1949)

OUR ECONOMIC PRINCIPLES

We believe that free markets are the most effective mechanism ever discovered for maximising the wealth of nations. Insofar as they generate wealth, free markets are therefore instruments to national flourishing. But a nation is first and foremost a home, not a business. There are times when it is vital to put matters of national security and self-sufficiency above purely profit-seeking considerations, especially when it means ensuring the survival of our nation and her people. Nor would we hesitate, where necessary for the retention of critical supplies like food, energy, and medicine, to pass new laws and invoke existing ones to strengthen our resilience as a self-sufficient nation amid intensifying global volatility.

A Restore Britain government would not only consider the implications of our economic policy on national security, but also their impact upon society. No modern society thrives without strong families and cohesive communities trusted to govern themselves, engage in free enterprise, and pursue the natural rewards of hard work. Confidence in the enduring nature of these arrangements is thus essential. There are many factors that build such confidence, but the core ones are social order, the rule of law, the absence of arbitrary and unpredictable raids on livelihoods, reasonable taxes in exchange for accountable government, and modest regulations.

One cornerstone of our policy is fiscal stability. The greatest threat to that stability is the ever-growing national debt. Our medium term aim is therefore to balance the budget and gradually reduce public debt as a share of GDP. This is the opposite of what successive governments have done over the past 40 years, running persistent budget deficits that have left Britain in an increasingly precarious fiscal position. Britain now has a public debt of £2.9 trillion, almost 100% of GDP. This already alarming figure does not include off-balance sheet public sector pension liabilities. These are estimated to be worth between £1.6-2.2 trillion and may even be as high as £3-5.5 trillion. Our aim is to repair the national balance sheet. We would not hesitate to recover money from the inordinately expensive Civil Service Pension Scheme in order to do so. Our efforts will take time, but they are absolutely necessary.

All other things being equal, fiscal stability leads to financial stability, which leads to currency strength. That is another core contributor to stability. We have suffered a cost of living crisis in recent years as inflation has again surged. This is a direct result of the money printing that funded lockdown. The money supply grew rapidly and unsustainably, undermining savings and work. We will ensure the Bank of England is tasked at all times with strict control of money supply growth, because there can be no prosperity without monetary stability. Short-term fixes and political expediency are the enemy of both.

Over time, we will claw back the £300 billion of excess post-lockdown spending that has occurred over the lifetimes of two Parliaments. This means recycling the British people's money back into their own hands, creating a virtuous cycle of growth as opposed to the death spiral of today. It will be a gradual process, but the direction will be clear. That signal will support investment.

Allied to excess public spending without any obvious improvement in service is a tax system that is unbelievably complex, increasingly arbitrary, and much too onerous. We will reduce the tax burden, with a longer term ambition to take it back to around 30% of GDP – the level experienced before Tony Blair became Prime Minister. Our tax cuts will in scale match public spending reductions. Thus, our proposals will be fully funded.

Moreover, we intend to simplify the tax system. In time, numerous small and arbitrary taxes will be scrapped as we move to a streamlined, clear, and transparent structure where all know where they stand without the need of a tax advisor. Again, the complexity created has occurred over a generation. Our improvements will be clearly flagged but staged over time as the economy recovers.

We believe that there must be a sensible and predictable framework of rules. Regulation in certain spheres are necessary. But regulation must be proportional. What we have seen over the last 30 years goes way beyond that. Almost every aspect of life is now controlled. This is stifling not only innovation and growth, but also personal freedom.

Britain worked far better a generation ago. In office, we will review the vast swathes of regulation enacted over, initially, the last decade, but in time over the last 25 years, with a presumption to repeal unless there is an overwhelming reason not to do so.

On pensions, we have seen the government attempt to insert clauses to direct pension investment towards favoured schemes. At Restore Britain, we have no interest in hijacking private pensions to back voguish social engineering projects. As far as we are concerned, any money in a private pension pot belongs to the hard-working pension-holder and them alone.

MONETARY POLICY

The primary statutory objective of the Bank of England is to maintain price stability, defined by the government as an inflation target of 2% as measured by the Consumer Prices Index (CPI). Prior to 1997, responsibility for setting interest rates ultimately rested with the Chancellor of the Exchequer. Monetary policy has since been delegated to the Bank of England's Monetary Policy Committee (MPC), which enjoys a significant degree of so-called 'independence.' It would be truer to call it *unaccountability*.

After all, since gaining its independence, the Bank now wields enormous power, much of which is beyond both political and popular scrutiny. However, the Bank's record in recent years has been woeful. In the midst of the COVID-19 lockdowns, the Bank argued that there would be deflation as the country exited the lockdown restrictions in July 2021. In actual fact, its programme of Quantitative Easing directly contributed to the precise opposite. The Bank's ill-conceived expansion of the money supply caused dramatic inflation, which peaked at 11.1% in October 2022 – a 41-year high. Extraordinarily, the Bank does not acknowledge this failure.

In a similar way, the programme of Quantitative Easing introduced after the 2008 Global Financial Crisis fundamentally altered the conduct of British monetary policy with remarkably little parliamentary debate. Although this action may have stabilised financial markets during periods of acute stress, it also inflated the value of financial assets, disproportionately benefiting existing asset holders while making home ownership increasingly unattainable for younger generations. The long-term implications for intergenerational fairness in household formation received next to no consideration. In the 1970s, the average British home cost around three years' earnings. Today, it costs roughly eight years' earnings nationally and well over ten years' earnings in many parts of southern England.

Price stability will be a central objective of a Restore Britain government. Before taking office, we will announce our nominees for the MPC to assume their responsibilities at the earliest opportunity. They will be economists committed to maintaining monetary stability through a combination of long-term thinking and patriotic self-discipline.

A Restore Britain government will reform the Bank of England's mandate. We will end the routine use of monetary financing by requiring explicit authorisation from the Chancellor of the Exchequer before any future programme of monetary expansion can be undertaken. Such authorisation would be granted only under the most exceptional circumstances. Monetary expansion cannot create real wealth. It simply postpones necessary economic adjustment.

Monetary discipline must be matched by fiscal discipline. This paper sets out policies designed to lower public expenditure and expand private sector wealth creation. Persistent structural deficits increase dependence upon government borrowing, place upward pressure on future taxation, and create political incentives for inflationary monetary policy. A disciplined MPC, operating alongside a fiscally responsible government committed to reducing the state's reliance on debt finance, would provide the stable macroeconomic environment necessary for long-term investment, productivity growth, and rising living standards.

As an interim framework, the government will require the Bank to place greater emphasis on the growth of broad monetary aggregates when formulating monetary policy, recognising that sustained expansion of the money supply is ultimately incompatible with long-term price stability. Over the longer term, we will examine options to place Sterling upon a firmer institutional foundation. The experience of modern fiat currencies demonstrates the persistent political temptation to finance government expenditure through monetary expansion and currency debasement rather than through fiscal responsibility.

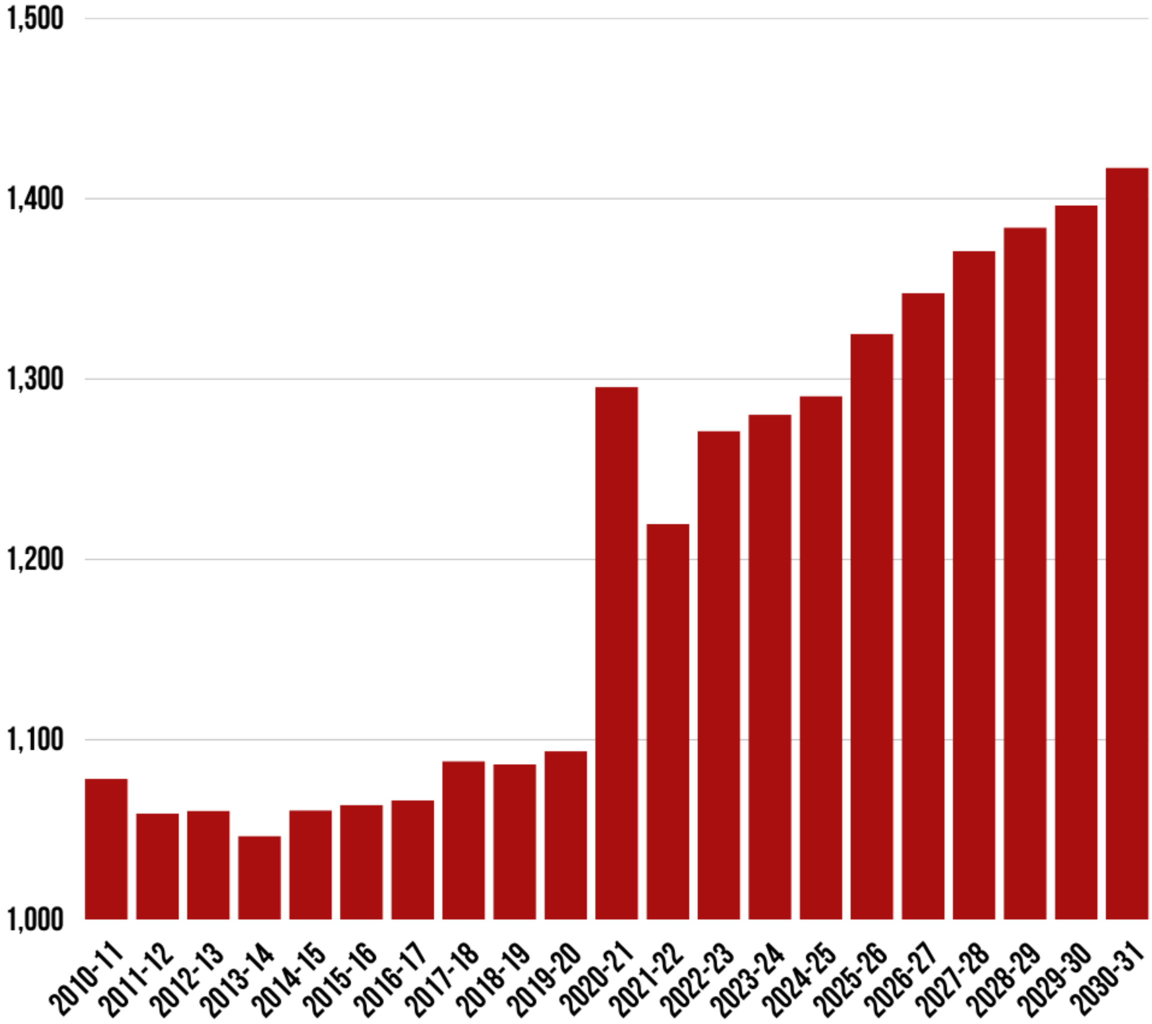
Governments cannot be relied upon to exercise perpetual monetary restraint when they possess the unrestricted ability to create money. In the long term, we would therefore investigate mechanisms, including commodity backing such as the Gold Standard and other institutionalised monetary constraints, that would strengthen confidence in pound sterling and impose greater fiscal discipline. The major virtue of non-fiat currency systems is that they reflect genuine human endeavour rather than impulsive human appetite.

Sound money is one of the essential foundations of a prosperous free society. Our immediate priority is to restore monetary discipline, eliminate routine deficit monetisation, and bring the era of persistent Quantitative Easing to an end. Quantitative Easing rewards financial engineers at the expense of genuine wealth creators.

WESTMINSTER'S IRRESPONSIBLE FISCAL EXPLOSION

The growth in public spending since 2020 is literally unparalleled. As outlined by the chart below, on the OBR's own forecasts public spending will have increased by more than £300bn over just 8 years. In exchange, services are generally considered to have deteriorated.

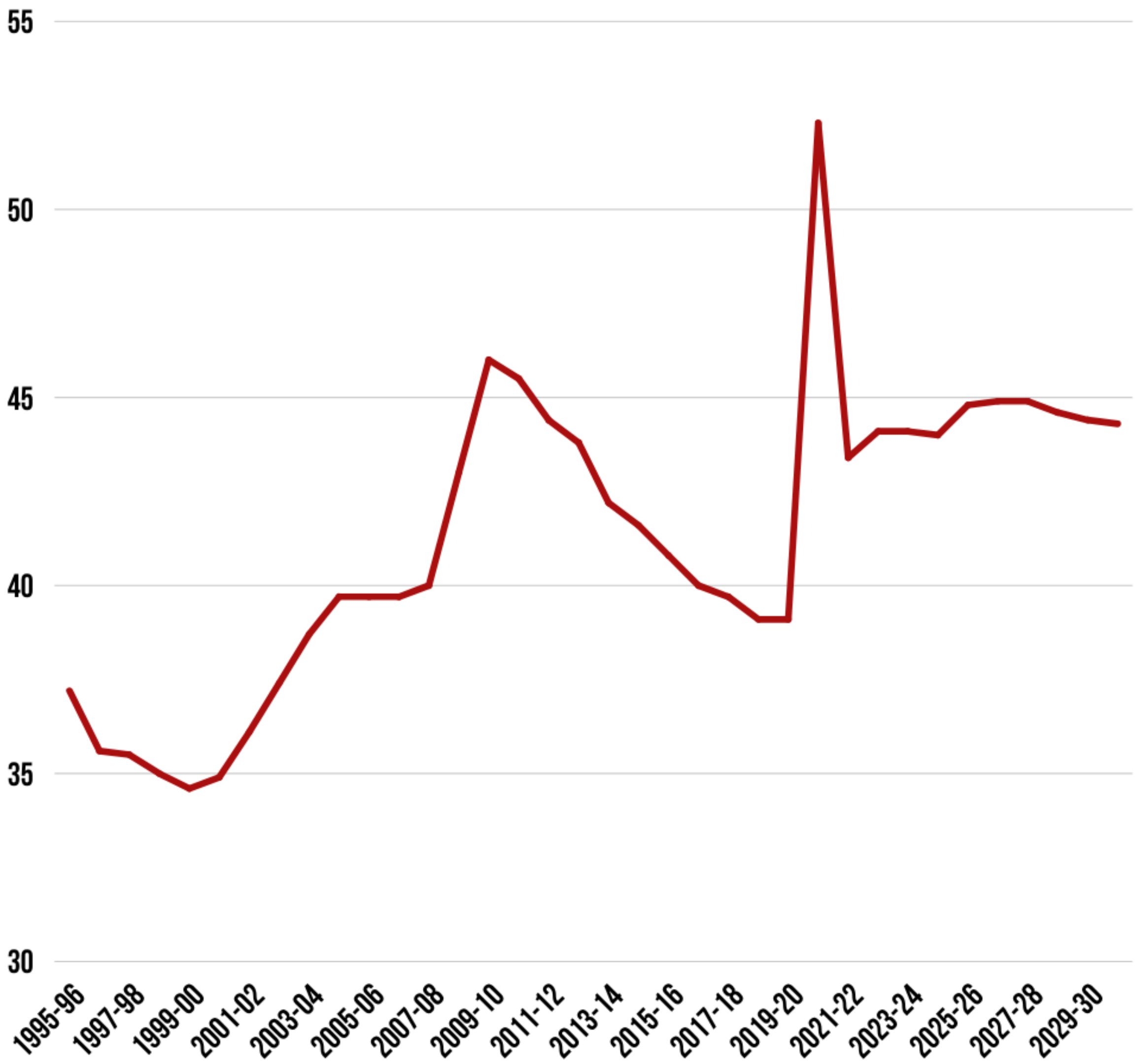
FIGURE 1: UK TOTAL MANAGED EXPENDITURE AND FROM 2025-6 OBR ESTIMATE INDEXED TO CPI FROM 2010-11



SOURCE: OFFICE FOR NATIONAL STATISTICS

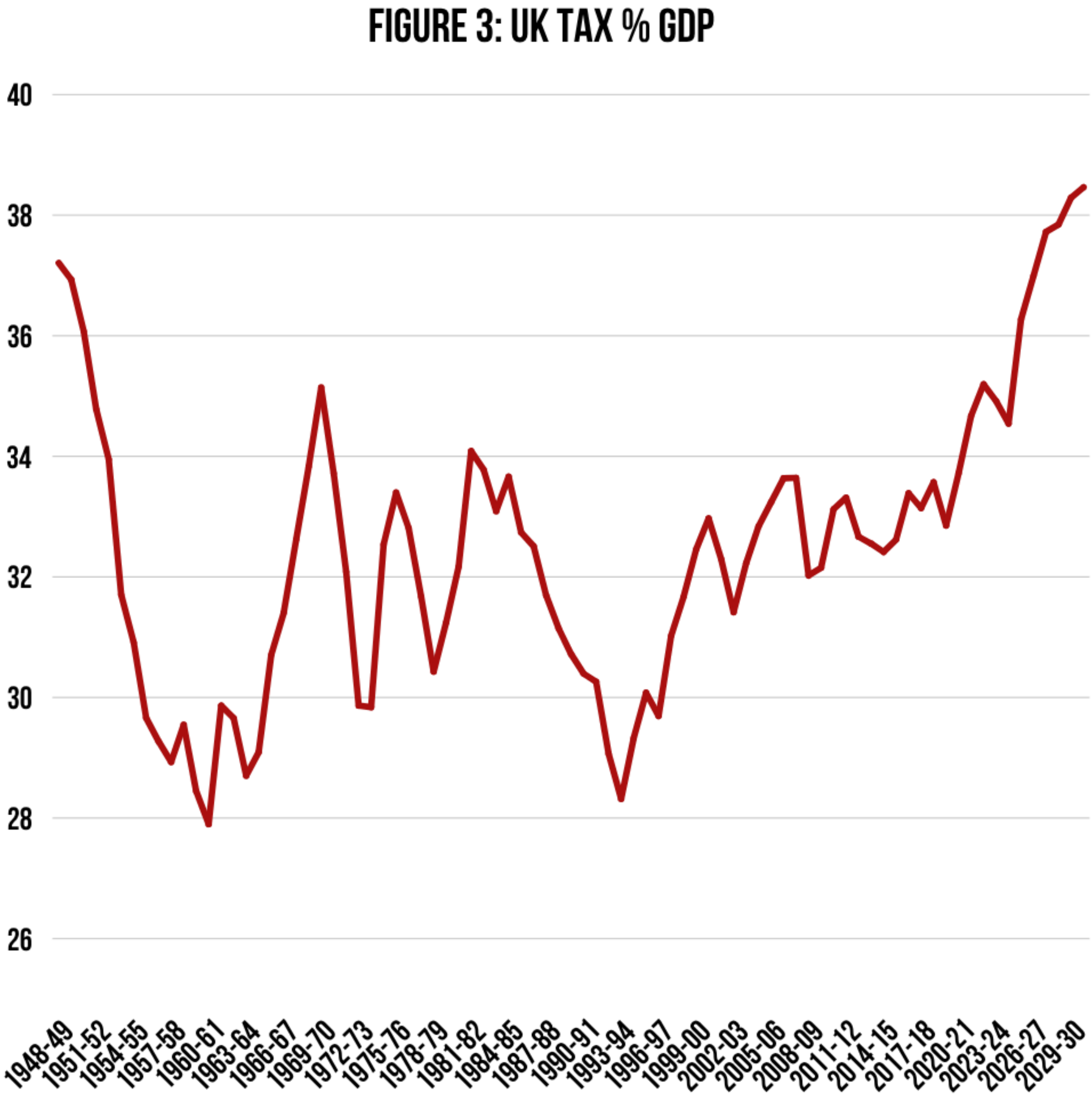
The recent £300bn worthless expansion only exacerbates a long-term trend. When Tony Blair became Prime Minister in 1997, the state was much smaller at 35% of GDP. Today spending is almost half of our overall output. This is deeply unhealthy. It is resulting in a wealth-creating sector that is far too small to fund public services effectively. Tax and spend has been totally counter-productive.

FIGURE 2: UK PUBLIC SPENDING % GDP



SOURCE: OFFICE FOR BUDGET RESPONSIBIITY

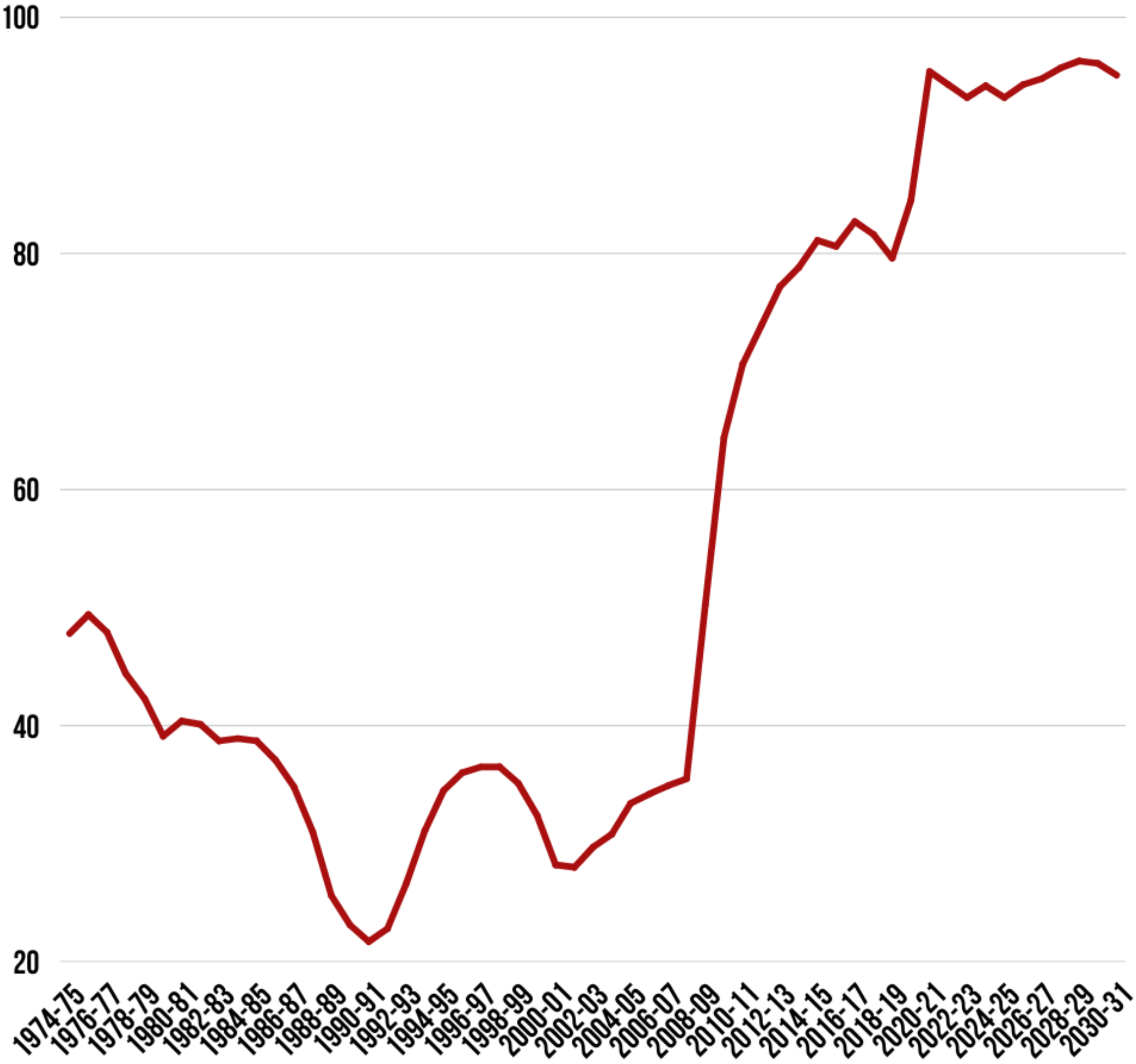
With the increase in public spending, we have seen very substantial tax rises to a level unprecedented since 1948. Broadly from a low of 28% GDP, tax now accounts for 38% GDP – a relative increase of some 35%. To repeat, there has been no corresponding improvement in the quality of public services.



SOURCE: OFFICE FOR BUDGET RESPONSIBIITY

Despite record spending and taxation, the public finances are exceptionally poorly controlled, with the national debt increasing from £322 billion in 1997 to over £2,900 billion today. Despite boasting one of the strongest public sector balance sheets just 20 years ago, Britain now has a bottom quartile balance sheet compared with our European neighbours. By saddling future generations with such crippling financial liabilities, previous generations have failed to uphold their obligation to subsequent generations. They have lived more extravagantly than they should have at their children and grandchildren's expense.

FIGURE 4: UK NATIONAL DEBT % GDP

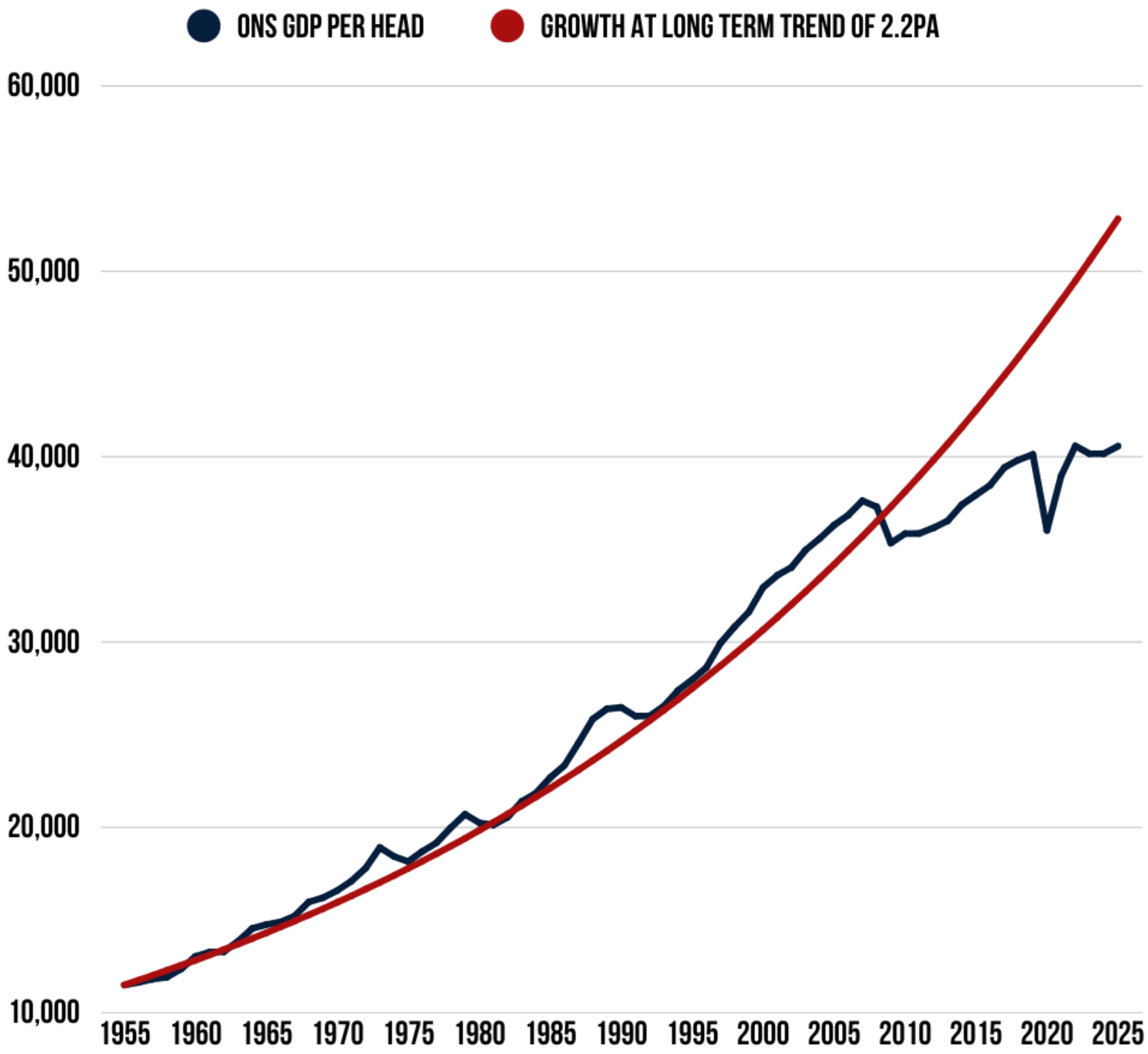


SOURCE: OFFICE FOR BUDGET RESPONSIBIITY

The natural consequence of gratuitous centralisation is stagnant growth. Britain has increased spending, tax, and debt in ways which outside war are without precedent. Further, over the last 20 years we have lived through extraordinary technological development. 25 years ago there was no significant digital economy, whereas today the economy has been utterly transformed. With that transformation, one might have imagined GDP growth and prosperity would accelerate – and so it should have.

As productivity increases, so does wealth. But alas, since 2005 growth per head has been minimal at 0.5% per annum. Since 2019, it has been close to zero. This is unprecedented. Britain's GDP growth per head has reached a point of total stagnation. Barely up since 2008, we have suffered our worst performance in 200 years of economic analysis. Since the Industrial Revolution, GDP per head has consistently grown at just over 2% per annum. The chart below shows this trend since 1955.

FIGURE 5: UK PER CAPITA GDP AND LONG TERM TREND £



SOURCE: OFFICE FOR NATIONAL STATISTICS

Moreover, Britain's poor performance, while mirrored by France and Germany, is not the global norm. The United States, Canada, Australia, Singapore, and others have all grown much faster. This is principally a European problem.

The factors that have led to this catastrophic performance are public debt, counter-productive spending growth, a crowding out of the private sector, and unparalleled regulation. All have crushed growth.

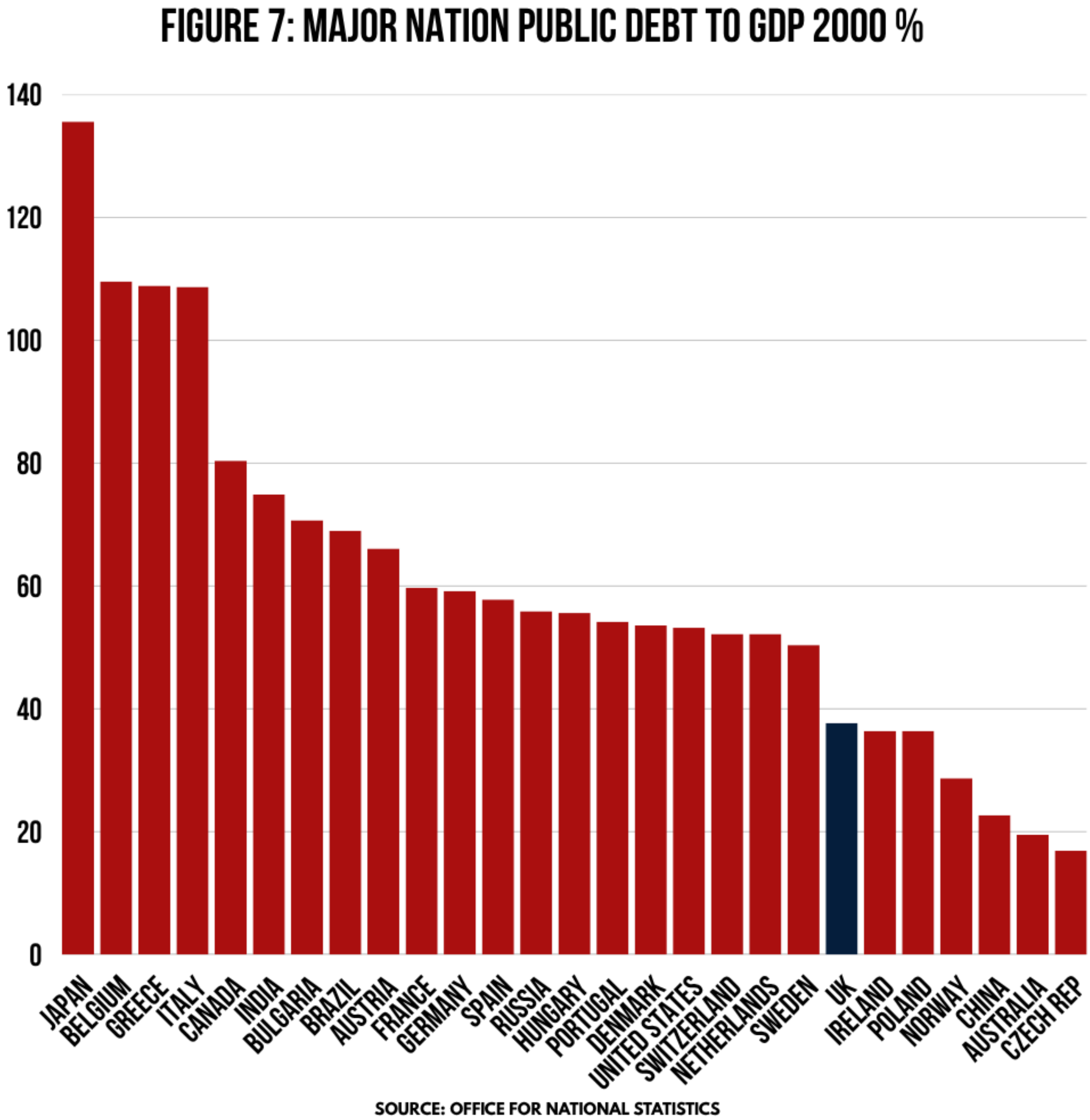
Going forward, the OBR broadly assumes that our economy will grow by around 1.8% in real terms per annum over the next few years. Regardless of whether that analysis is accurate (and it would represent a significant uptick on recent experience), by historical standards that degree of growth is pedestrian. It is a measure of our failure that this is the baseline – one that, incidentally, we suspect is far too optimistic. Economic growth is the principal driver of tax receipts. As an illustration, if the British economy were to grow by an average of just one percentage point more per year than the OBR currently forecasts over the next decade, the economy would be around £460 billion larger. A larger economy generates higher tax revenues even at lower tax rates, making it possible to improve public services while also reducing the tax burden. Sustained economic growth offers the prospect of lower taxes, stronger public finances, and better public services.

FIGURE 6: UK GDP COMPARISONS. ASSUMED CURRENT TREND GROWTH, IMAGINED TREND +1%, IMPACT ON GDP AND TAX TAKE ASSUMING TAX AT 30% GDP £BILLION

Year	Real GDP trend of 1.8%	Trend +1%	Difference	Increased tax take
2025	3040	3040		
2026	3095	3125	30	9
2027	3150	3213	62	19
2028	3207	3303	95	29
2029	3265	3395	130	39
2030	3324	3490	166	50
2031	3383	3588	204	61
2032	3444	3688	244	73
2033	3506	3792	285	86
2034	3569	3898	328	98
2035	3634	4007	373	112
2036	3699	4119	420	126
2037	3766	4234	469	141

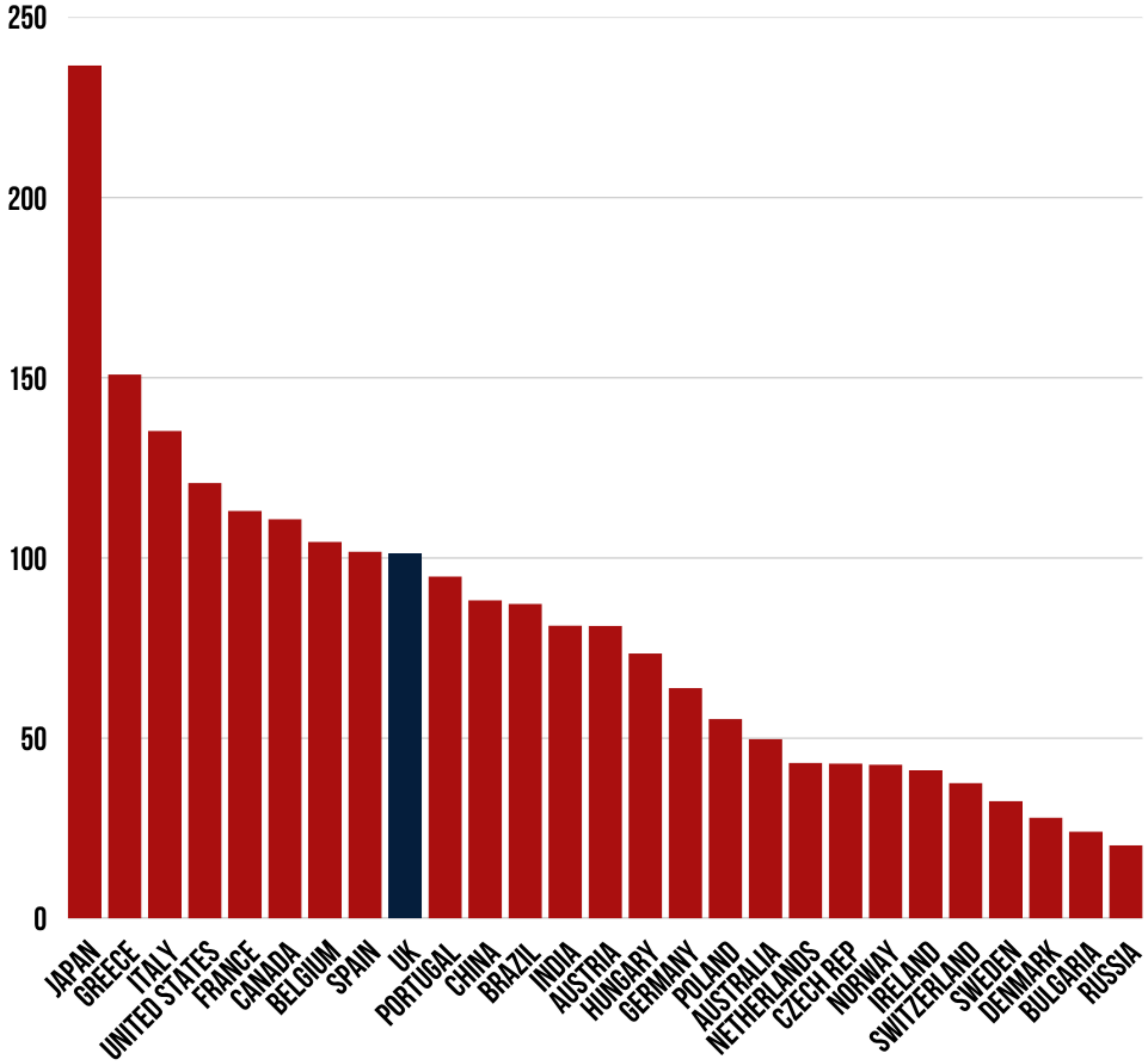
SOURCE: RESTORE ESTIMATES

At the turn of the century, Britain was in good shape. Our public debt to GDP ratio was modest and manageable at under 40%. We were a top quartile performer on this measure, as can be seen from the chart below.



Fast forward to today and with a debt to GDP ratio of almost 100% Britain is unquestionably in one of the weaker positions, as outlined below.

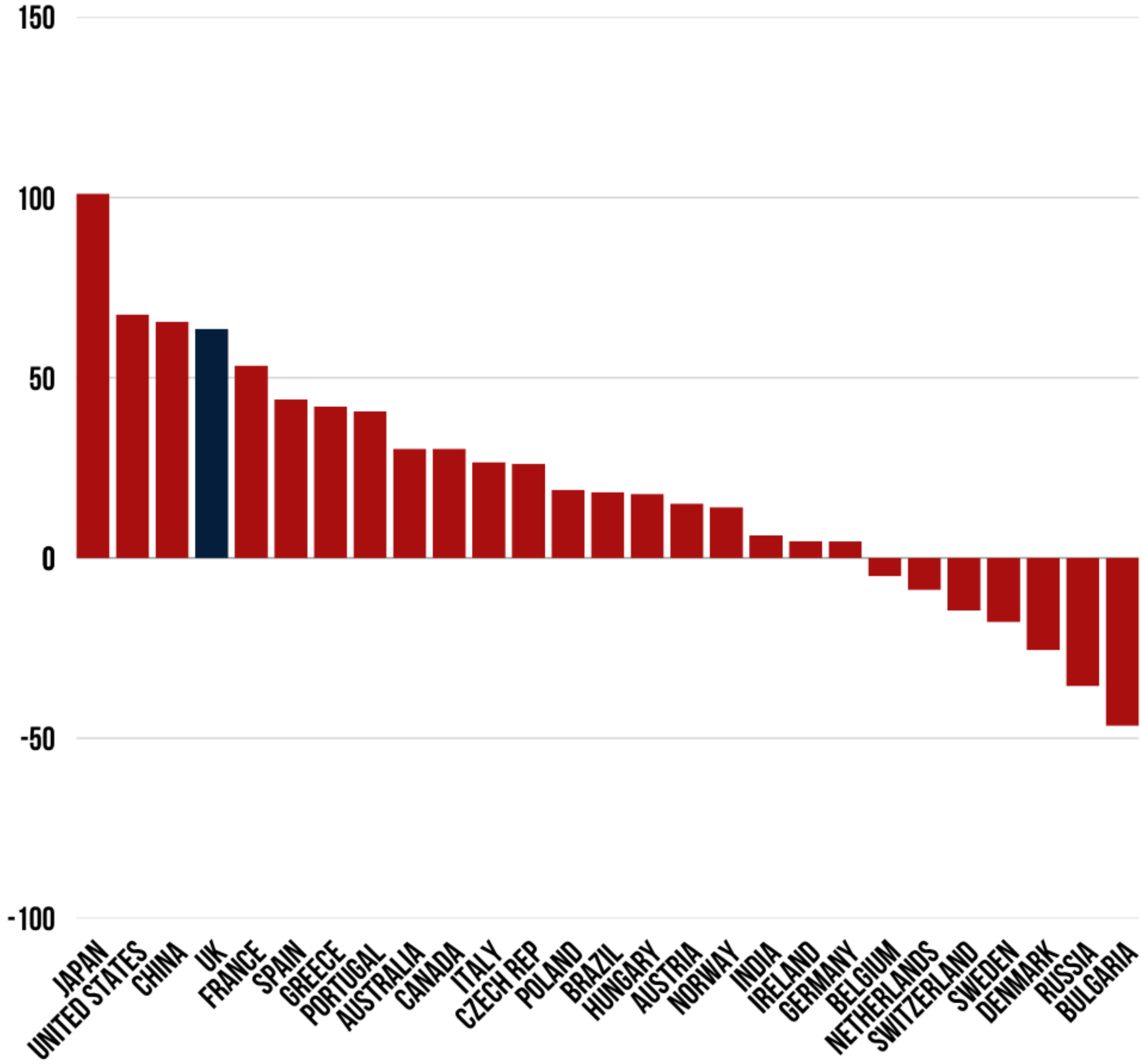
FIGURE 8: MAJOR NATION PUBLIC DEBT TO GDP 2024 %



SOURCE: OFFICE FOR NATIONAL STATISTICS

However, the rate of change is particularly worrying with the growth in debt firmly at the bottom of the pack as outlined below. It should be noted that increased debt is not inevitable, with a number of countries improving their balance sheet positions over the same time frame. Switzerland, Sweden, and Denmark stand out as otherwise similar advanced economies performing much more effectively – all, we should further reflect, with much stronger growth profiles.

FIGURE 9: MAJOR NATION PUBLIC DEBT TO GDP CHANGE 2024 ON 2000 %

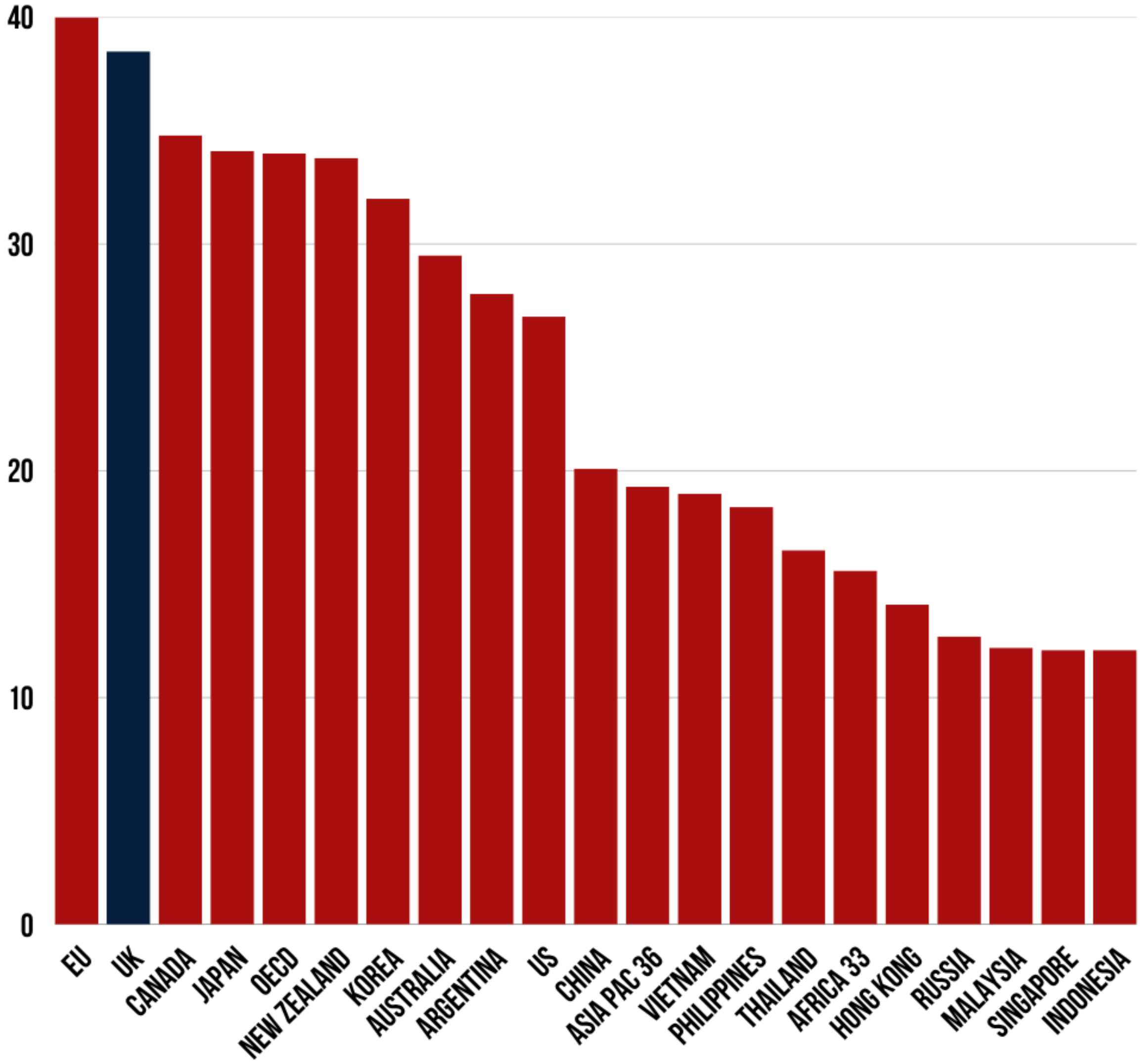


SOURCE: OFFICE FOR NATIONAL STATISTICS

It is worth noting that Britain and the EU are global tax outliers, too. Europe is without question one of the most heavily taxed regions in the developed world. As outlined in the chart below, average tax in Britain, while marginally lower than the EU average, is 4 points higher than the OECD average, 8 points lower than Australia, 11 points lower than the United States. Chinese tax is less than half of ours. In an uncertain globalised world, this puts us at a perilous disadvantage.

Worse, the competitive advantage we used to hold over the EU has largely disappeared, with a consequent loss of inward investment. This is not a great square for an open trading economy.

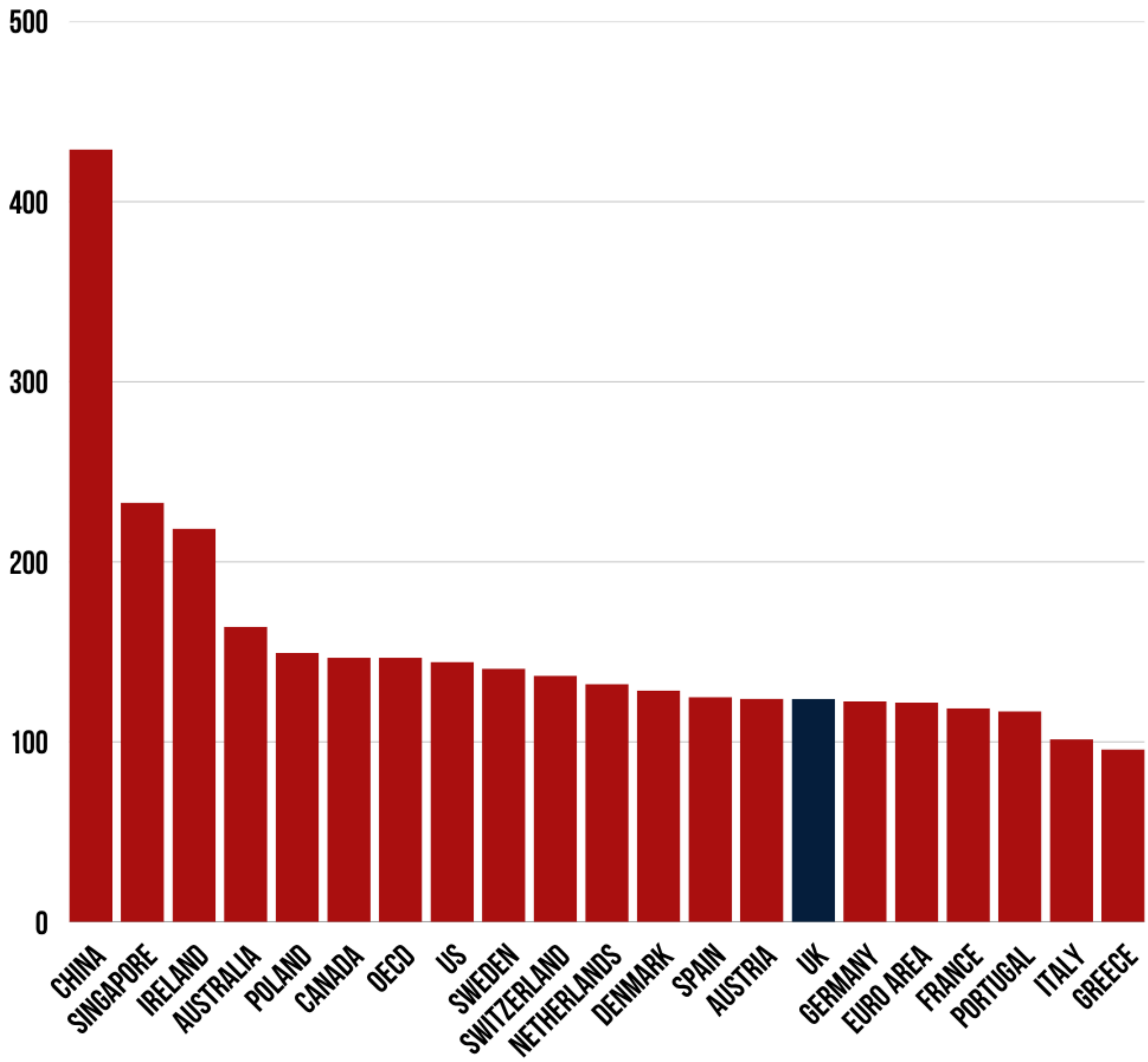
FIGURE 10: MAJOR NATION TAX % GDP 2025



SOURCE: INTERNATIONAL MONETARY FUND

The results of Britain's decision to expand the state has been stagnation. As we can see from the chart below, Britain's growth record over the last 20 years has been exceptionally weak at around half that annually of Canada, Australia, and the United States. To point out that we have done marginally better than the EU is to damn ourselves with faint praise.

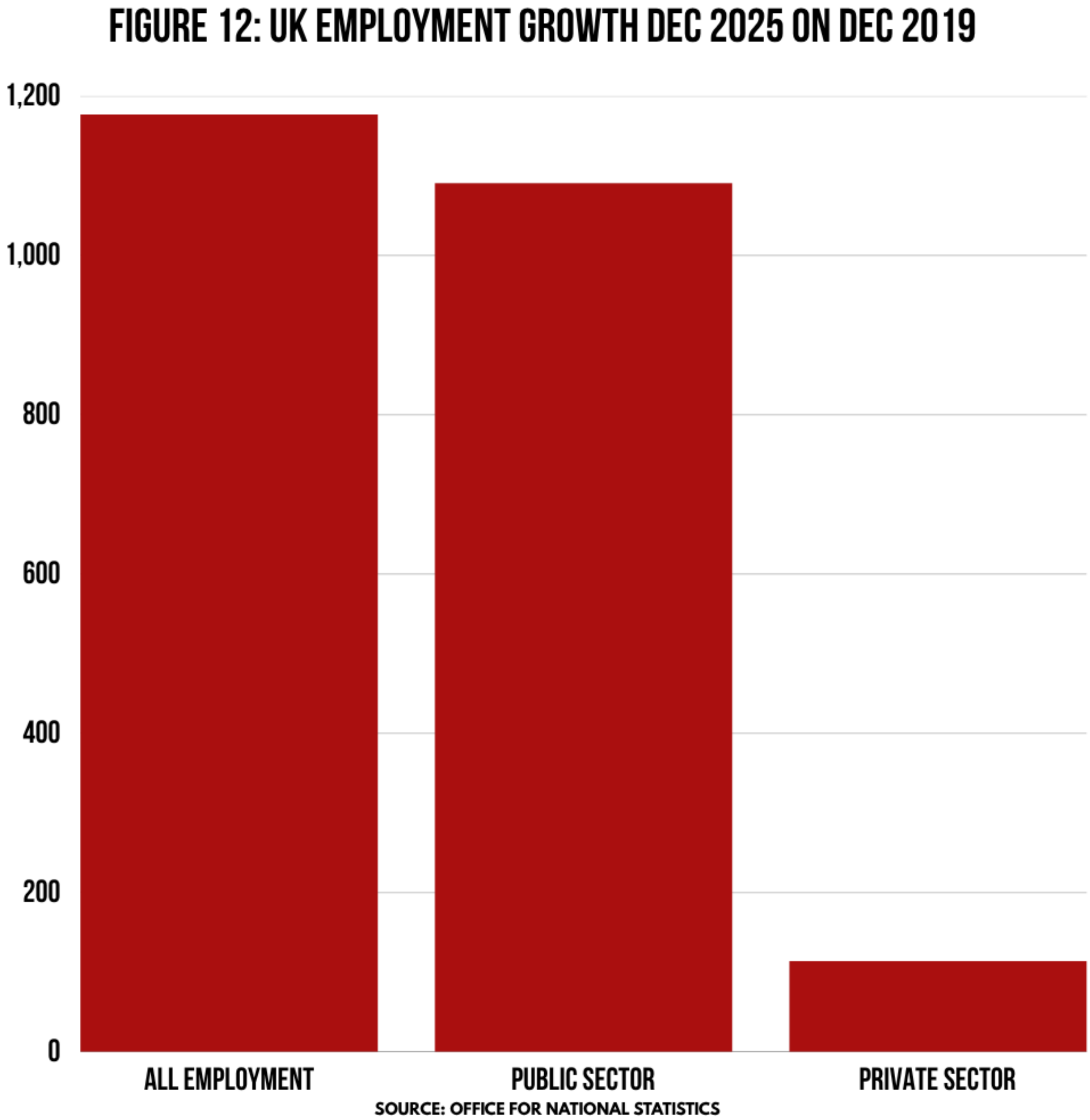
FIGURE 11: GDP GROWTH 2005 TO 2025 INDEXED



SOURCE: INTERNATIONAL MONETARY FUND

Spending will be curtailed.

As we have already shown, the notion that public services have been starved of cash is absurd. Almost 1.2 million additional people now work in the public sector than did at the end of 2019. Private sector employment over the same period has stagnated. In fact, the chart below illustrates that virtually all of the growth in employment since the eve of lockdown has been in the public sector. This is unsustainable. Civil society funds the public sector, not the other way around.



If we then examine real spending growth per government department since 2019-20, we can see that average departmental spending is up 17% in real terms. Most notable is the increase in the debt servicing cost, which has risen by 83% to a staggering £120 billion per annum – almost 10% of all public spending. One in every ten pounds the government spends goes on covering the interest on loans. No responsible person would run a household with such a balance sheet. Nor should the nation be run so negligently. This is a millstone around the necks of future generations.

Yet we continue to see substantial increases in almost all budgets. In raw cash terms, prior to lockdown health spending was £164 billion. Today it is £241 billion for outcomes that have generally deteriorated. Similarly, the social protection budget has increased by over 12% to reach in excess of £380 billion in 2024-5 – £100 billion greater than in 2019-20. This growth for no productive gain is highly damaging to Britain's potential.

FIGURE 13: UK REAL PUBLIC SPENDING GROWTH 2024-5 ON 2019-20

Sector	Increase 2024-25 on 2019-20
Public sector debt interest	82.8%
Employment policies	42.9%
Science and technology	31.1%
Housing and community	26.7%
Public and common services	26.0%
Defence	21.8%
Public order and safety	20.4%
Health	19.2%
Environment protection	17.1%
Total Managed Expenditure	17.0%
Social protection	12.6%
Transport	9.4%
Education	6.0%
Recreation, culture and religion	-5.2%
Enterprise and economic dev	-9.7%
Agriculture, fisheries, forestry	-11.3%
International services	-27.6%

SOURCE: OFFICE FOR NATIONAL STATISTICS

Below we give in broad outline the measures we will take to cut public spending. We estimate savings proposed incrementally to be £178 billion by the end of the first Parliament, which is around 2/3 of the excess of spending since 2019-20.

The principles behind our proposals are as follows:

a) ***Fiscal Fairness.*** Those who have paid into a system are entitled to the services it offers. As such, citizens shall receive the full range of available public services. Those here on temporary visas or Indefinite Leave to Remain (ILR) will be denied any recourse to public funds.[4] The whole argument for mass immigration since 1997 has been that it supposedly sees to our economic health.[5] Either immigrants are supporting our economy, in which case they do not need benefits, or they are failing to contribute, in which case it is morally wrong for hard-working British taxpayers to support them.

b) ***Fiscal Pragmatism.*** In an ideal world, we would all have access to the highest quality care and education, regardless of our ability to pay for them. But we do not live in an ideal world. Consequently, we should be grateful to private providers of essential services that not only do good work in their own right, but relieve pressure on the public provider of those same services. Precisely in order to free up capacity in public hospitals and state schools, we will therefore reduce taxes on the use of private health and private education.

c) ***Fiscal Responsibility***. A country, much like a household, cannot live beyond its means. In the case of nation states, of course, it is easier to keep up the illusion that fiscal profligacy is sustainable with money-printing and bond-purchasing, but sooner or later these last-ditch methods fail with catastrophic consequences. Among the major fiscal objectives of a Restore Britain government, therefore, will be to claw back unproductive forms of excess expenditure since 2019.

d) ***Fiscal Accountability***. British taxpayers are entitled not only to *know* but to *shape* how their taxes are spent. For this reason, we would take every single QUANGO under full ministerial oversight, so that their handsome budgets and the significant decisions they fund are more subject to scrutiny by the British people's elected representatives. It is estimated that as many as 438 QUANGOs took charge of £376 billion of public money in 2023/24.[6] Upon restoring the proper lines of accountability between the government and

[4] At Restore Britain, we believe that ILR is a serious problem. However, it is just one stage on a conveyor belt that leads somewhere worse: full citizenship status. The fact that many Boriswave immigrants may by the end of this decade have been recklessly showered with citizenship papers cannot be accepted as a *fait accompli*. ILR in its present form does untold damage to the British people. That problem must be resolved. But to zone in on the terms of indefinite residency, as Reform UK has done, is short-sighted. Citizenship has to be our focus.
[5] See Oliver Huitson, "Immigration: No, It's Mostly Not 'Good For the Economy'", in Peter Whittle & Stephen Balogh, *Immigration: The Betrayal of Britain* (London: New Culture Forum Ltd., 2026), pp. 49-60.
[6] See The Taxpayers' Alliance, Britain's Quangos Uncovered: quango-state responsible for almost one third of government spending, 15 September, 2025.

the governed, we would review the scope of individual QUANGOs, up to and including whether their positions should exist at all. Some would be abolished, most would face significant cuts, and a small number would have their budgets ringfenced. A future paper will determine which and why in greater detail.

The question remains: what does the typical British family actually get for its average £44,000 annual contribution? And are the resulting services good enough to justify these costs? The idea that we have suffered immense 'cuts' in recent years is antithetical to reality. We are not dealing first and foremost with a money problem.

WELFARE BUDGET

If we examine the welfare budget using OBR estimates, we can see their projected expectations for spending outlined in the chart below. Currently the state pension (excluding public sector pensions, which depending on the actuarial assumptions made has a current unfunded liability of between £1.6-2.2 billion each year) costs £138 billion per annum while working age benefits cost £159 billion (2024-5). The OBR estimates these figures will rise to £180 billion and £207 billion respectively – an increase of £92 billion within 5 years.

FIGURE 14: UK WELFARE SPENDING OUT-TURN AND FORECASTS £BN

	Outturn 2024-25	Est 2025-26	2030-31
Welfare cap			
DWP social security	137.3	148.9	185.3
of which:			
Housing benefit (not on JSA	14.6	12.1	13.4
Disability living allowance and personal independence payments	33.7	36.9	54.4

Incapacity benefits	12.4	7.2	5.2
Attendance allowance	7.8	8.5	11.1
Pension credit	6.0	6.1	5.8
Carer's allowance	4.2	4.6	6.3
Statutory maternity pay	3.1	3.2	3.7
Income support (non-incapacity)	0.3	0.0	0.0
Winter fuel payment	0.3	1.9	2.0
Universal credit	52.8	66.4	81.5
Other DWP in welfare cap	2.0	1.9	1.9
Child benefit	13.3	13.4	14.0
Tax free childcare	0.6	0.6	0.6
NI social security in welfare cap	5.7	6.2	7.1
Paternity pay	0.1	0.1	0.1
Total welfare cap	158.9	169.1	207.0
Welfare spending outside the welfare cap			
DWP social security	151.9	159.3	194.4
of which:			
State pension	138.0	146.2	180.7
Jobseeker's allowance	0.3	0.3	0.3
Housing benefit (on JSA)	0.1	0.0	0.0

Universal credit	13.5	12.9	13.4
NI social security outside welfare cap	4.0	4.4	5.5
Total welfare	**314.8**	**332.9**	**406.9**

SOURCE: OFFICE FOR BUDGET RESPONSIBILITY

It is clear that increases of this scale are unsustainable. By 2030-31, the OBR estimates that each and every family will be paying some £14,500 a year in transfer payments. This is unaffordable and must be changed.

OUR WELFARE MEASURES

The state pension is secure with Restore. However, we will end the triple lock and instead link the state pension to CPI. Pensioners' incomes will thus be secure in terms of their purchasing power. Annual savings from this measure are incremental, but taking long-term wage growth assumptions it would be reasonable to assume a 2% per annum cost saving. This would equate to around £2-3.5 billion per annum, but over a ten year period could build to a saving in the range of £25-30 billion per annum compound.

As a matter of fairness, public sector pensions should be reformed to align with those available in the private sector. We would therefore replace the public sector's "defined benefit" schemes, which promise a guaranteed income post-retirement in line with inflation, with "defined contribution" schemes that more properly reflect money earned and investments made over the course of a career.

Working age benefits, currently costing us around £158 billion and expected to rise to £207 billion by 2030-31, are the primary focus. It is morally critical that we address the injustice involved in rewarding indolence more than work, as our current welfare system does. Citizens with genuine needs will be protected. They have nothing to fear.

Our proposals for access to welfare are threefold.

a) Only British citizens will be entitled to working age benefits. Going forward, all working age benefits will be frozen at 2025-6 levels for the lifetime of the Parliament. Since this freezing of benefits would mirror the freezing of tax allowances, all would shoulder the burden involved in remedying the adverse effects of historical excess spending.
b) Access to benefits is a privilege of citizenship, not a universal right. Existing legal migrants, whether on visas or ILR, will be entitled to no benefits whatsoever other than A&E care. Funds for foreign nationals who need them to return home following an end to such benefits ought to be made available straightaway. This can and should be done by amending the Immigration Act (1971), s. 115 of the Immigration and Asylum Act (1999) detailing the terms of exclusion from certain benefits, and any other statutes that govern the recipience of welfare.[7]
c) As we have already made clear in our *Mass Deportations: Legitimacy, Legality, Logistics* (2025) paper, illegal migrants shall not be entitled to any benefits or services.[8] They will be detained and deported.

We estimate that by the end of the first Parliament these measures will be saving us £8-9 billion per annum from the pension's budget and around £70-80 billion per annum from the working age benefits budget.

QUANGO BUDGET

QUANGOs have multiplied. They are largely unaccountable. The Taxpayers' Alliance estimates that a staggering 438 QUANGOs spent £391 billion in 2023-4 – 32% of the public sector budget, employing 500,000 people.

We will in future papers outline specific plans, but the following principles will be applied.

a) QUANGOs should be directly accountable to elected ministers and taken in house.
b) We shall review the activities of all current QUANGOs, their evolution of budget and scope over the last 10 years and recommend and act accordingly

[7] See Immigration Act (1971) and Immigration and Asylum Act (1999).
[8] See Rupert Lowe & Harrison Pitt, *Mass Deportations: Legitimacy, Legality, Logistics* (2025), Restore Britain, pp. 19-21.

c) In the meantime, we will freeze QUANGO budgets in aggregate over the lifetime of this Parliament. Some QUANGOs will be abolished and others significantly scaled back. Where the service is required the budget will be protected but with direct ministerial oversight. On the assumption of 2% CPI, this saves £8 billion per annum or £40-5 billion over the lifetime of a Parliament.

HEALTHCARE

Healthcare will remain free for all citizens at the point of use. That principle is non-negotiable as far as we are concerned. Nevertheless, the NHS was founded some 80 years ago and it is time to review how it operates in the interests of making it as effective as the British people envisioned in founding it. We will spend much of our time in the run-up to the next election putting together detailed plans for how the service will work. For now, let it simply be said that the NHS in its present ailing form is not fit for purpose.

The NHS budget is out of control. In 2019-20, NHS spending was £164.1 billion. Today it is £241.8 billion. Outcomes are worse. Every imaginable metric – GP appointments, waiting lists, and expectations of the number of healthy years – tells a story of decline. The system is manifestly failing and the other parties are in denial.

This failure has nothing whatsoever to do with spending levels. NHS spending per head is higher than most European countries, at almost £10,000 per household per year. Yet outcomes are worse than most European countries in terms of longevity, survival rates, elective care wait times, GP appointment times, and the like. To be frank, for £10,000 a year per family, the service is nowhere near good enough.

However, state-run healthcare is not doomed to such inefficient practices. The central determinant of an organisation's efficiency, whether private or public, is the institutional framework within which it operates. Effective institutions align internal incentives to communicate accurate information about success and failure, encourage innovation, decentralise decision-making to those with the greatest knowledge, and ensure that resources are continually reallocated towards their most productive uses. Although these conditions for success materialise more often in the private sector due to the greater pressures that come with competition, the public sector need not be any less successful.

Organisations perform well when their internal incentive structures reward the creation of value, penalise waste, and continually communicate accurate information about success and failure. These conditions arise naturally in competitive markets but they can also be consciously incorporated into public institutions. Several countries have demonstrated that this approach can succeed in practice. Singapore's Temasek Holdings and Norway's Equinor, for example, show that state-owned enterprises can achieve world-leading performance when they operate according to commercial principles.

In the NHS this can be achieved by ensuring that decision-making is decentralised wherever possible. Managers should possess both the authority to innovate and the responsibility for outcomes, while organisational structures should reward continual improvement, permit innovation, and allow successful practices to be replicated. Equally, ineffective practices should face meaningful consequences rather than being perpetuated through automatic funding. There are multiple examples of healthcare systems abroad that offer significantly better care for lower costs, and so increased funding does not always correlate with better healthcare.

Restore Britain will announce more detailed plans concerning healthcare in due course, but the following principles will apply:

a) The NHS will always remain free at the point of need for citizens.
b) Non-British nationals will be charged at point of use with a market rate tariff. Ours is a *national* health service, not an *international* one.
c) Emergency care will remain free at the point of use for those in need.
d) Private health costs will become tax deductible at the marginal rate of income tax. We estimate this will be fiscally positive in easing strain on the NHS.

We anticipate making private care tax deductible and charging for services by non-citizens will save/raise around £20 billion per annum with maternity benefitting in particular.

PRIMARY AND SECONDARY EDUCATION

The education budget has, while growing in real terms, seen a lower rate of growth than a number of other departments. An education system centred on academic and vocational excellence is at the heart of our philosophy. We shall be publishing detailed papers on the structure in due course but the following fiscal principles shall apply:

a) State education shall remain free at the point of delivery, but each school shall be independent of state bureaucracy. They will be able to set their own budgets and priorities.
b) Education is a social good and will be exempt from VAT.
c) School fees in the private sector will become tax deductible at the marginal rate of income tax. This measure will be fiscally positive as the saving from reduced roll will be greater than the tax benefit.

We estimate these measures will save around £10 billion per annum by the end of the Parliament.

OTHER DEPARTMENTS

a) All forms of Net Zero expenditure, including subsidies, will end.[9] We believe this will save government departments *at the very least* somewhere in the region of £15-20 billion per annum. It probably climbs well into the tens of billions. This is before we even consider the fact that abandoning all of the related transition costs could save the private sector at least £10-15 billion per annum.
b) With the exceptions of defence, healthcare, and the requirement to service national debt interest, budgets will be frozen for 3 years, saving us roughly £3-4 billion per annum.

THE PRINCIPLES BEHIND OUR TAX PROPOSALS

By the end of the first Parliament, we anticipate saving around £178 billion from current public spending, as outlined above. That equates to around £35 billion

[9] See Restore Britain, *Cheap, Reliable, & Abundant: A Britain-First Energy Security Strategy* (2026), pp. 6-11.

per annum compound or around 3% of the budget each year.

We will match those savings incrementally into tax cuts to stimulate the economy, enabling families and communities to grow in independence and strength. The exact choreography of our ambition will be flexible and dependent on the iron rule of maintaining fiscal stability, gradually eroding the scale of the annual deficit.

The principles that underpin our tax proposals are as follows:

a) Simplicity and streamlining.
b) Fairness and justice.
c) Transparency and predictability.
d) Targeted at growth and building a resilient private sector.

HOW TAX IS RAISED NOW

Below outlines the amount of tax and the percentage of the total tax raised by tax category. Income tax and National insurance contributions are the most important, accounting for 42.3% of the take, followed by VAT at 17.8%, then corporation tax at 8.2%. These four taxes account for just shy of 70% of the entire tax base.

FIGURE 15: UK TAX RAISED £BN AND % TOTAL 2024-5

	£bn	**%**
Income tax	310.3	27.2%
VAT	202.7	17.8%
National Insurance contributions	171.4	15.1%
Onshore corporation tax	93.0	8.2%
Other public sector taxes	62.6	5.5%
Council tax	47.4	4.2%
Fuel duties	24.4	2.1%
Stamp duty land tax	15.2	1.3%

Capital gains tax	13.7	1.2%
Alcohol duties	12.5	1.1%
Environmental levies	10.5	0.9%
Insurance premium tax	8.9	0.8%
Vehicle excise duties	8.4	0.7%
Inheritance tax	8.3	0.7%
Tobacco duties	7.9	0.7%
Stamp taxes on shares	4.3	0.4%
Air passenger duty	4.1	0.4%
Licence fee receipts	3.8	0.3%
Emissions trading scheme	3.4	0.3%
Energy profits levy	2.5	0.2%
Offshore corporation tax	2.2	0.2%
Climate change levy	1.8	0.2%
Bank levy	1.3	0.1%

SOURCE: OFFICE FOR NATIONAL STATISTICS

Below we highlight our proposals which will be introduced incrementally as the budgetary circumstances allow and not before they are fully funded. Our proposed £155 billion of tax cuts is around £20 billion lower than our anticipated cost savings.

Further, we expect a strong economic multiplier from our proposals as a result of more rapid growth, greater investment, and increased confidence. We anticipate our measures would raise our national wealth by at least 1% of GDP per annum on average, if not more, given the way in which such changes would act as a magnet for investment, stability, and prosperity. However, our forecasts have been based on very conservative assumptions, so we have not modelled this benefit into our forecasts.

FIGURE 16: HEADLINE TAX PROPOSALS BY THE END OF THE FIRST PARLIAMENT

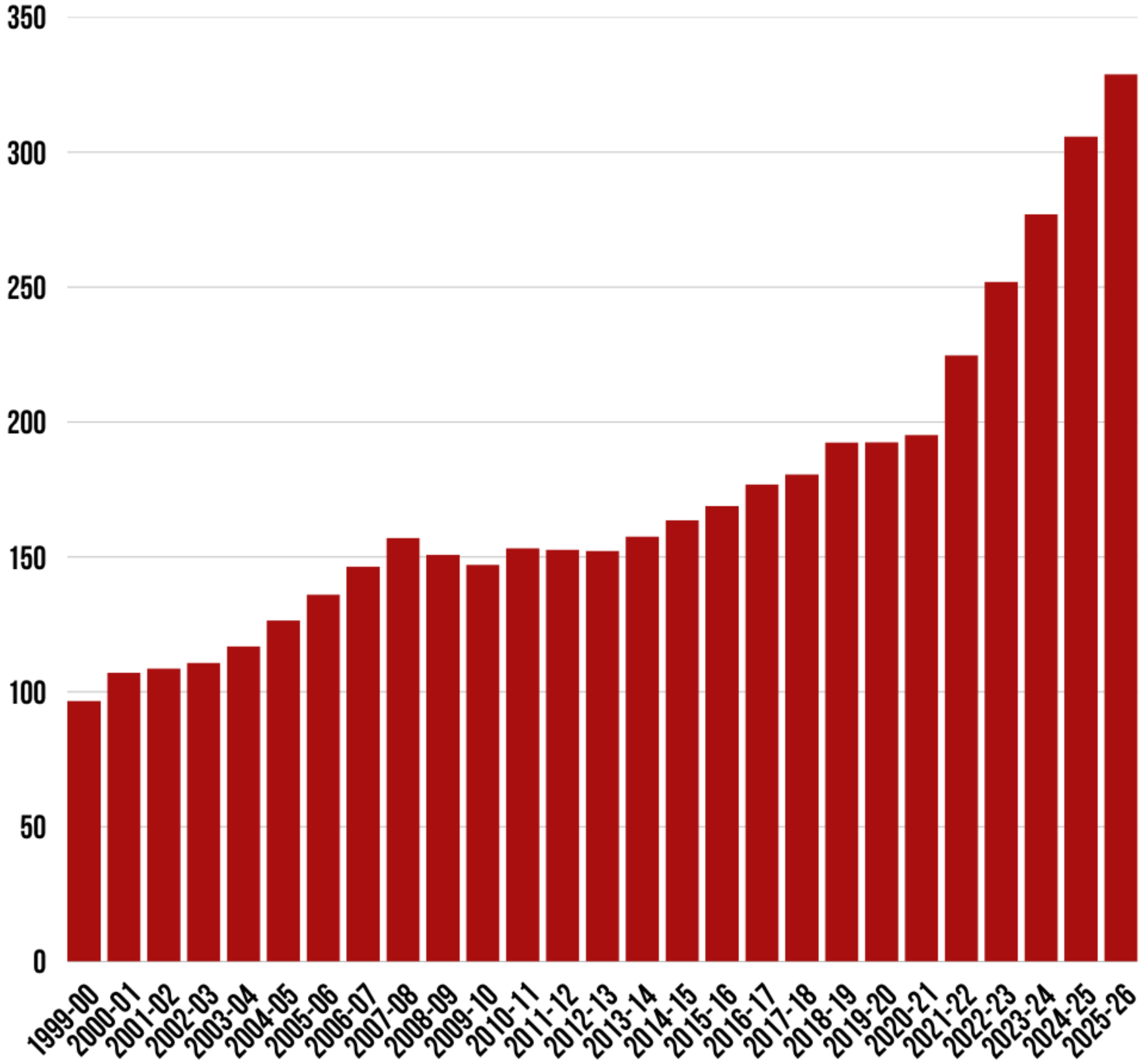
	Proposal	Annual Cost (£bn)
Stamp Duty	Abolish	18.2
CGT	Increase allowance to £40k	0.7
Inheritance Tax	Abolish	8.6
Insurance Premium Tax	Abolish	8.9
Air Passenger Duty	Abolish	4.1
Emissions Trading	Abolish	3.4
Climate Change Levy	Abolish	1.3
Corporation Tax	Lower and raise allowance	41.3
VAT	Lower to 18%, raise allowance	20
Income tax	Threshold changes	49.2
Total		**155.7**

SOURCE: RESTORE

INCOME TAX: SIMPLIFY, TREAT ALL FAIRLY, AND RESTORE THE ALLOWANCES THAT RISHI SUNAK AND RACHEL REEVES HAVE FROZEN

The chart below shows income tax receipts over time. The substantial increase in the take in recent years is largely a result of freezing allowances and accelerating inflation, not underlying real wage growth.

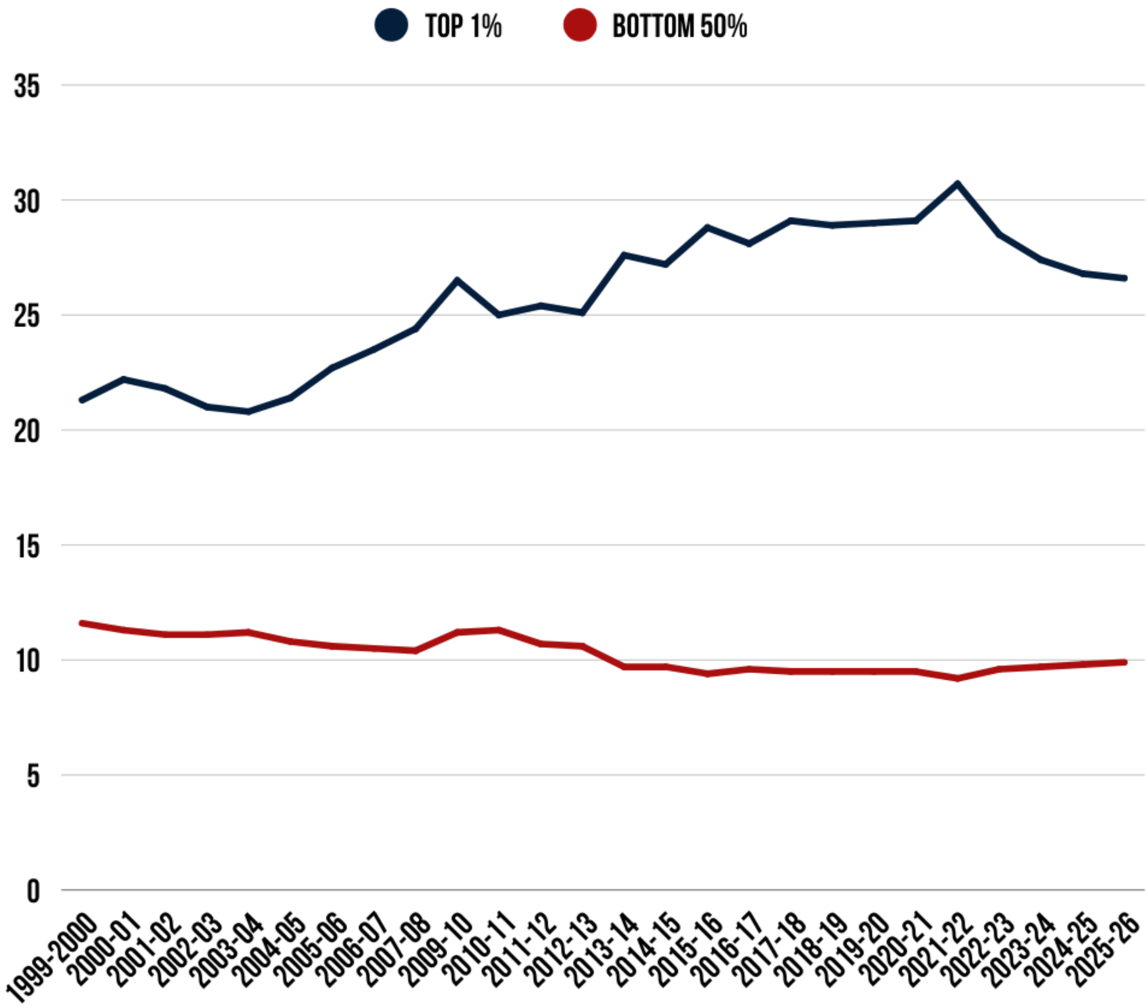
FIGURE 17: UK INCOME TAX RECEIPTS £BN



SOURCE: OFFICE FOR BUDGET RESPONSIBILITY

It is worth examining the depth of Britain's income tax receipts. As demonstrated below, the top 1% of taxpayers – around 300,000 people – contribute to over a quarter of the entire income tax base, while the bottom 50% of taxpayers – some 15 million people – contribute to 10% of that tax base. The system is in this way chronically dependent on the continuing prosperity of a relatively small number of people.

FIGURE 18: INCOME TAX PAID BY TOP 1% AND BOTTOM 50% % TOTAL OVER TIME



SOURCE: OFFICE FOR NATIONAL STATISTICS

The chart below highlights the number of tax payers in each income band, the amount raised in each band, average tax paid by each individual in each band, and their implied marginal tax rate.

FIGURE 19: INCOME TAX BY INCOME BAND (2025-26 HMRC ESTIMATES)

Annual Income Band (Lower Limit)	Income Taxpayers (000s)	Total Income Tax Raised (£m)	Average Income Tax per Taxpayer (£)	Average Income Tax Rate (%)
£12,570	2,760	631	229	1.7%
£15,000	5,490	4,710	859	4.9%
£20,000	10,200	23,000	2,260	9.1%
£30,000	11,900	57,200	4,810	12.5%
£50,000	6,850	85,600	12,500	18.9%
£100,000	1,120	39,000	35,000	29.4%
£150,000	366	21,400	58,400	34.1%
£200,000	375	40,700	109,000	38%
£500,000	62	17,100	276,000	40.8%
£1,000,000	21	11,400	555,000	40.9%
£2,000,000+	11	22,400	2,120,000	39.6%

SOURCE: ONS

The current bands for England and Northern Ireland (Wales and Scotland have separate income tax regimes) are set out below. It should be noted that allowance bands have been frozen since April 2021. CPI has risen by 27% since then thus the real value of allowances has fallen significantly.

FIGURE 20: CURRENT UK INCOME TAX BANDS AND ALLOWANCES (BANDS FROZEN SINCE APRIL 21)

	Band to	£	Rate
Personal Allowance	0	12570	0%
Basic Rate	12571	50270	20%
Higher rate	50271	125140	40%
Additional rate	125141		45%

SOURCE ONS

We propose to make work pay.

a) We will increase the threshold before income tax is liable from £12,571 to £16,000.
b) We propose to increase the 20% rate from £50,271 to £100,000.
c) Leave the higher tax bands unaltered in the first Parliament.
d) Create tax equality – all receive zero band to £16,000.

Our proposals to make income tax fairer will cost around £50 billion.

FIGURE 21: INCOME TAX ESTIMATED COST OF PROPOSED MEASURES

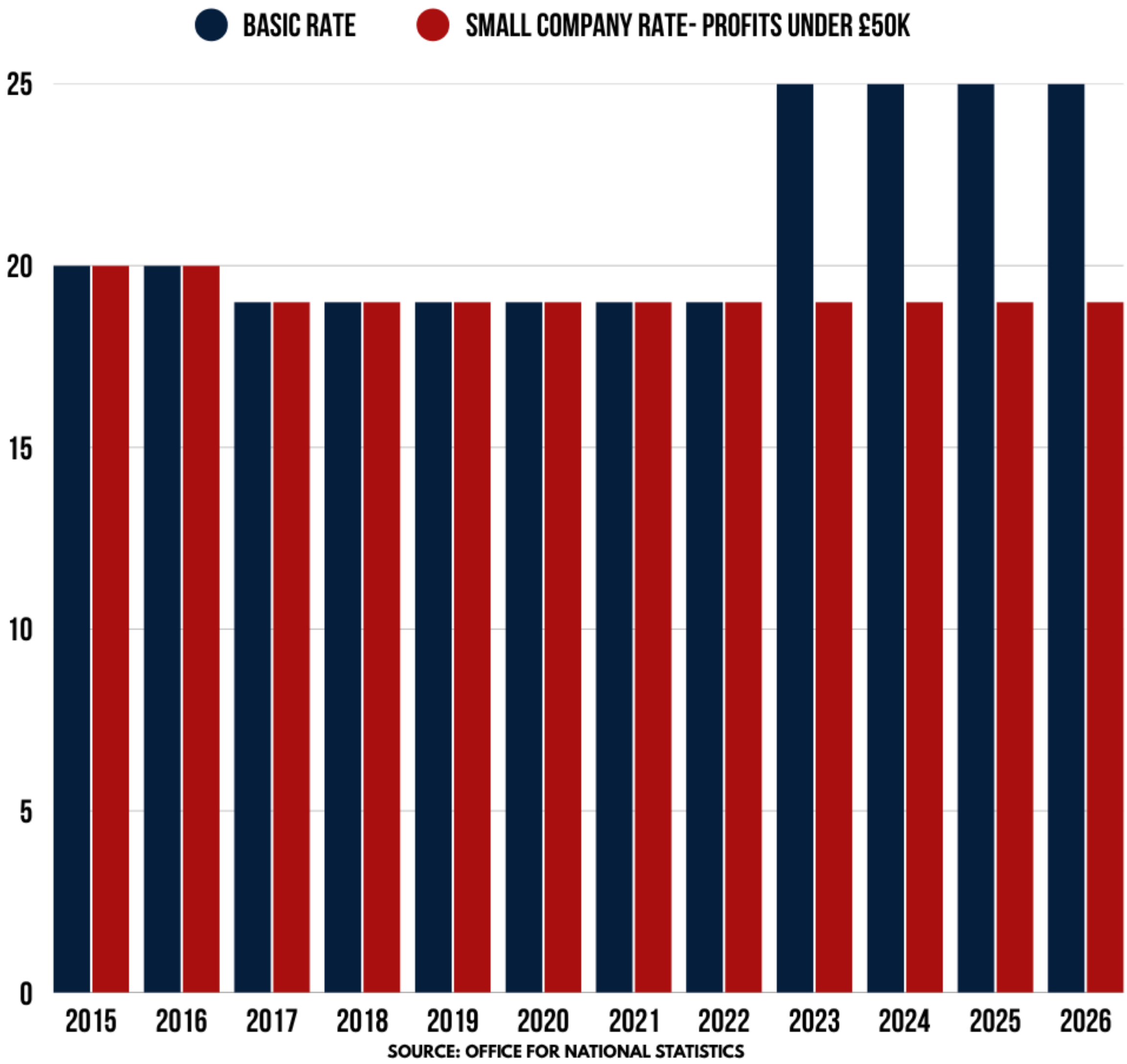
Measure	cost (£bn)
Increase threshold before tax from £12579 to £16k	24.7
Raise 40% allowance from £50270 to £100k	19.6
Restore tax-free threshold to all taxpayers	4.9
Cost of measures	49.2

CORPORATION TAX: REGAIN OUR COMPETITIVENESS AND ENCOURAGE ENTERPRISE

Until recently, our 19% corporation tax rate put us in a reasonably competitive tax position. This was greatly undermined in 2023 with the introduction of a 25%

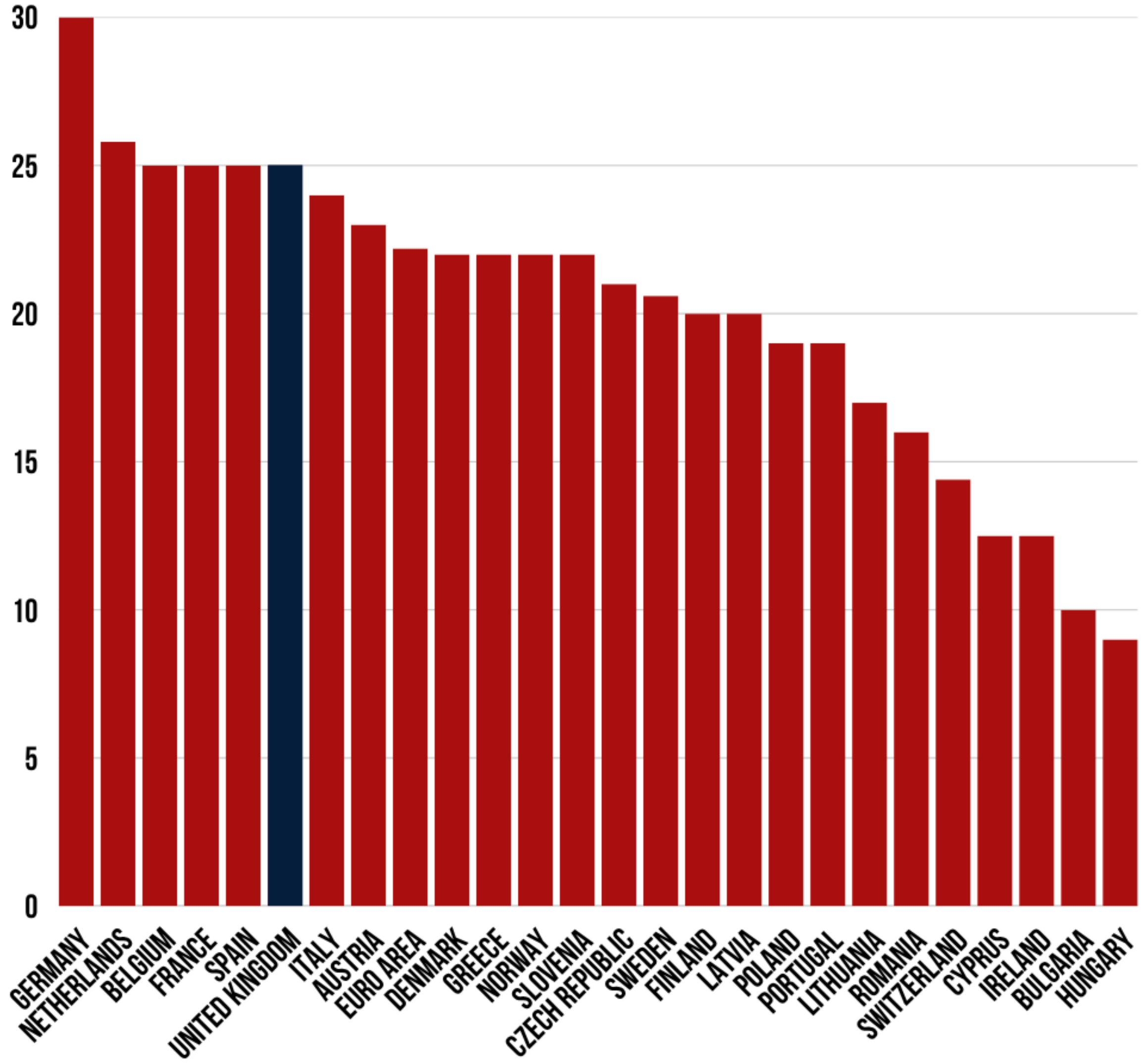
band for companies with profits exceeding £250,000. The chart below shows the recent history of the tax rate.

FIGURE 22: UK CORPORATION TAX RATE %



If we compare the current 25% rate in Britain with our most relevant European competitors, we see that our competitive advantage has disappeared, with Ireland and Switzerland in particular now significantly undercutting us. Ireland raised €33 billion in corporation tax last year. Despite the fact that Ireland's population is less than 8% the size of ours, this €33 billion figure means it raised as high as 33% of our corporation tax take. This is Ireland's reward for having the good sense to make economic life attractive to companies where we have made it difficult. We would seek to regain our competitive advantage and, in time, become the most attractive place in Europe in which to invest and do business.

FIGURE 23: MAJOR EUROPEAN NATIONS CORPORATION TAX RATE %



SOURCE: EUROSTAT

Current make up of Corporation Tax receipts are as follows. Outside Corporation Tax there are numerous smaller corporate complications, from banking to energy levies. In time these will be simplified and abolished.

FIGURE 24: UK CORPORATION TAX BY TYPE £M

Corporate Tax receipts by tax type	2023-24	2024-25
Onshore Corporation Tax (excluding BL, BS, RPDT, EGL)	82,686	89,197
Offshore Corporation Tax (excluding EPL)	2,951	1,962
Total onshore and offshore Corporation Tax	85,637	91,159
Bank Levy (BL)	1,428	1,320
Bank Surcharge (BS)	1,446	974
Residential Property Developer Tax (RPDT)	103	102
Energy Profits Levy (EPL)	3,587	2,857
Electricity Generator Levy (EGL)	1,473	749
All Corporate Taxes	93,675	97,161

SOURCE: OFFICE FOR NATIONAL STATISTICS

What is critical, as is outlined over the next two charts, is that this tax is overwhelmingly paid by a relatively small number of large firms, with 61% of the tax raised by companies generating over £1 million of profit.

FIGURE 25: TAX LIABILITY £ BY BAND AND PERCENTAGE OF TOTAL TAKE

Total tax liability per band	2023-24	% take
>0-100	3	0.0%
>100-500	38	0.0%
>500-1,000	80	0.1%
>1,000-5,000	1,204	1.4%
>5,000-10,000	1,979	2.4%
>10,000-50,000	8,919	10.7%
>50,000-100,000	4,733	5.7%
>100,000-500,000	10,833	13.0%
>500,000-1m	4,345	5.2%
>1m-5m	10,537	12.7%
>5m-10m	5,163	6.2%
>10m-50m	13,888	16.7%

>50m	21,436	25.8%

SOURCE: OFFICE FOR NATIONAL STATISTICS

As outlined below, the vast majority of firms pay little to no corporation tax. Only 4% of corporates register profits over £50,000 while just 0.4% of companies make over £500,000 a year.

FIGURE 26: NUMBER OF COMPANIES PER CT BAND

Number of companies per band	2023-24	% take
0	1,623,195	50.6%
>0-100	80,580	2.5%
>100-500	134,085	4.2%
>500-1,000	108,900	3.4%
>1,000-5,000	443,885	13.8%
>5,000-10,000	273,105	8.5%
>10,000-50,000	407,370	12.7%
>50,000-100,000	68,040	2.1%
>100,000-500,000	54,090	1.7%
>500,000-1m	6,285	0.2%
>1m-5m	5,205	0.2%
>5m-10m	745	0.0%
>10m-50m	660	0.0%
>50m	170	0.0%

SOURCE: OFFICE FOR NATIONAL STATISTICS

We propose a major overhaul. We would abolish Corporation Tax on the first £50,000 of profits for all companies. This takes 95% of all companies outside the corporation tax regime. With profits over £50,000 we propose an immediate restoration of the 19% rate, with an aspiration to reduce this to 15% as soon as fiscal conditions allow.

In time we will abolish the Bank Levy, Bank Surcharge, Residential Property Developer Tax, Energy Profits Levy, and Electricity Generator Levy. The OBR estimates that Corporation Tax will raise £96.7 billion in 2025/26 under the current regime. We estimate the cost to the Exchequer of increasing the threshold before corporation tax is paid and restoring the 19% rate to be around £24 billion, with an additional £4 billion cost for each additional percentage point's worth of decline. These estimates are before any growth multiplier.

Overall, we will be friendly to honest companies, not slavish to global business.

INHERITANCE TAX: MANY COUNTRIES HAVE A NIL RATE; SO SHOULD WE

Inheritance tax (IHT) should be abolished in its entirety.[10]

The tax is incompatible with the healthy and natural desire of individuals to provide for future generations. Families do not accumulate wealth solely for their own benefit, but to improve the prospects of their children and grandchildren through the transfer of homes, businesses, savings, and other productive assets. The ability to build upon the achievements of previous generations is one of the principal mechanisms through which families attain greater prosperity. By confiscating a portion of these lawfully acquired assets, the state weakens the family as an economic institution and needlessly penalises long-term responsibility.

Assets transferred upon death do not constitute newly created income, but rather a transfer of wealth that was already accumulated through taxed earnings. Subjecting these assets to further taxation constitutes an additional expropriation of legitimately acquired private property and undermines one of the most fundamental rights in a free society: the right of individuals to determine the disposition of their lawfully acquired assets.

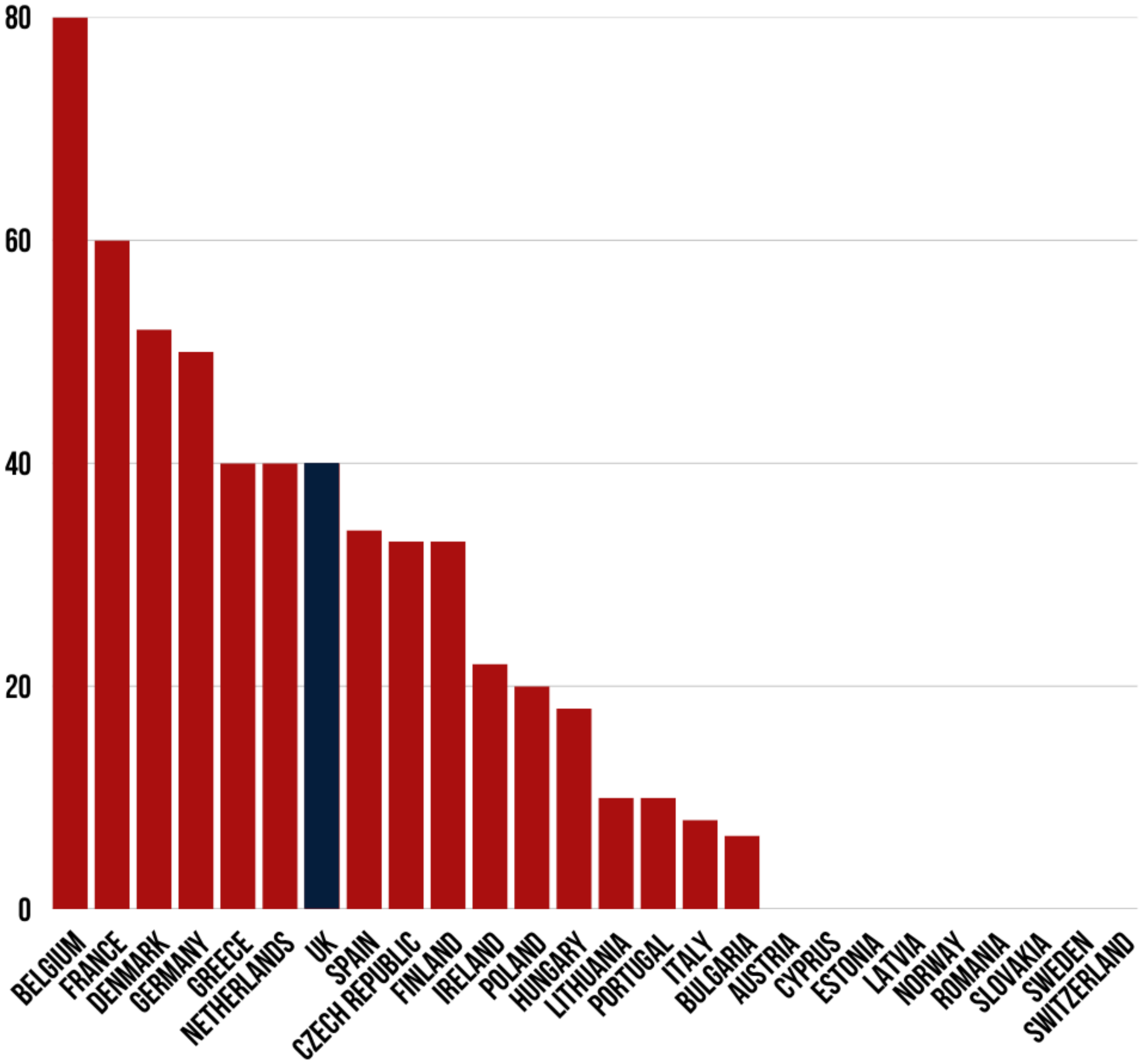
[10] See Restore Britain, *Abolish Inheritance Tax* (2026).

The tax is fundamentally incompatible with the principles of private property, voluntary exchange, and capital accumulation upon which any prosperous economy depends. A Restore Britain government would recognise that capital accumulation is the indispensable foundation of sustained economic growth. The abolition of IHT would therefore strengthen incentives for long-term saving, increase domestic capital formation, reinforce the security of private property rights, and improve the intergenerational transmission of productive assets.

Family-owned businesses would be able to plan investment over longer time horizons without the risk of forced asset disposals, while entrepreneurs would retain greater confidence that the capital they accumulate could be transferred intact to their chosen successors. Family farms and businesses in particular are the backbone of our economy and communities, ensuring long-run investment and national resilience into the future.

Over time, these reforms would contribute to higher levels of investment, greater labour productivity, increased real wages, and stronger long-run economic growth. The role of the state is to uphold the legal institutions that enable wealth to be created, preserved, and productively deployed across generations, not that of a graverobber. The £8.7 billion cost of the abolition of IHT is therefore easy to justify because the compounding economic benefits easily outweigh the loss of revenue.

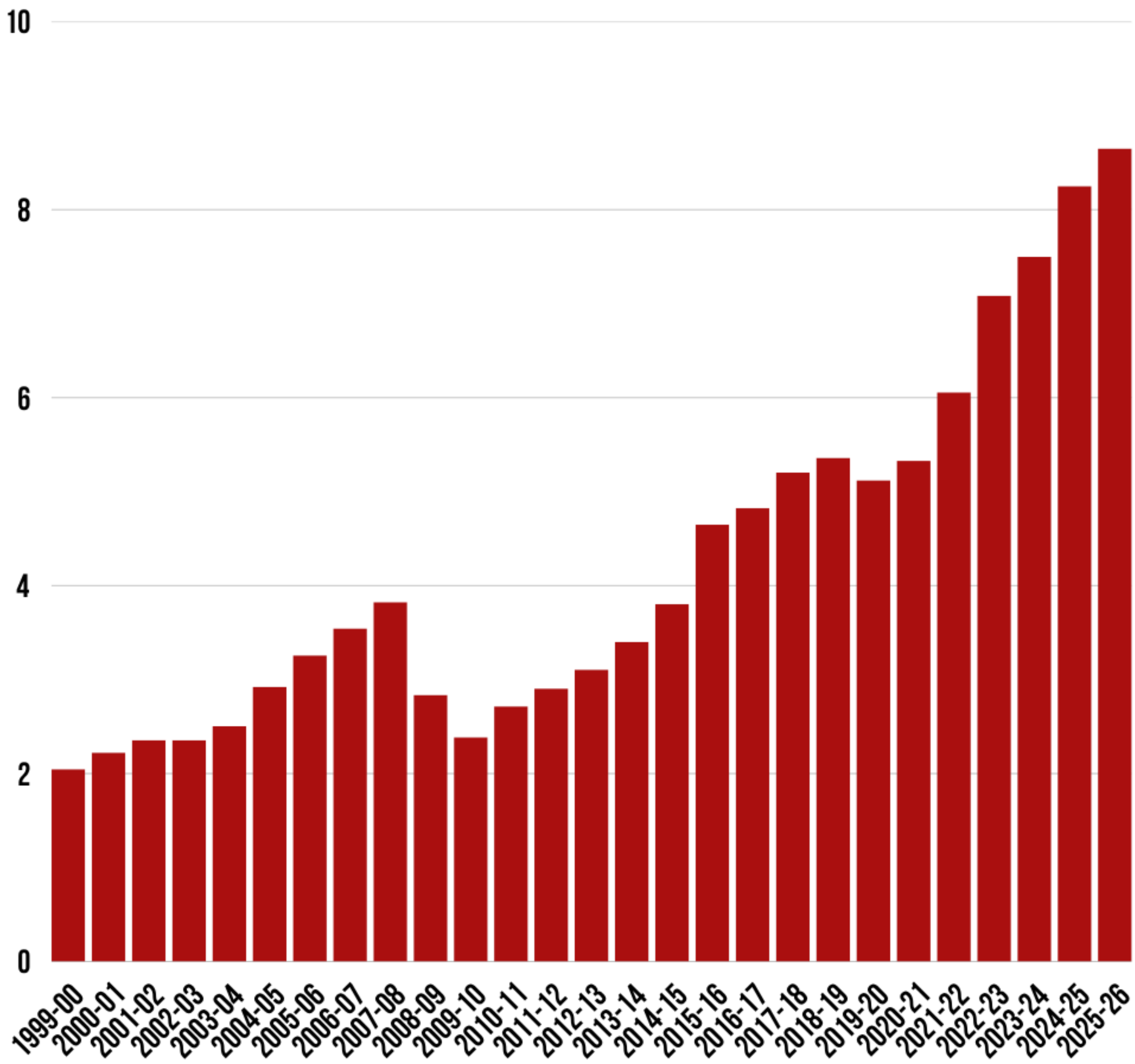
FIGURE 27: INHERITANCE TAX TOP RATE BY NATION %



SOURCE: EUROSTAT AND OFFICE FOR NATIONAL STATISTICS

The chart below outlines the tax take from IHT since 1999-2000.

FIGURE 28: INHERITANCE TAX RAISED £BN



SOURCE: OFFICE FOR BUDGET RESPONSIBILITY

CAPITAL GAINS TAX (CGT) – INCREASE THE ALLOWANCE MATERIALLY

For non-residential property, gains are taxed at a basic rate of 18% and a top rate of 24%. The major issue here is that allowances have been dramatically reduced over the last 20 years. Indeed, if the £10,100 tax-free limit had been indexed since 2008-9, the current allowance would stand at over £16,000. We propose to keep non-residential and residential rates unchanged, but raise the tax-free allowance to £20,000 per annum. This will cost the Exchequer around £700 million per annum.

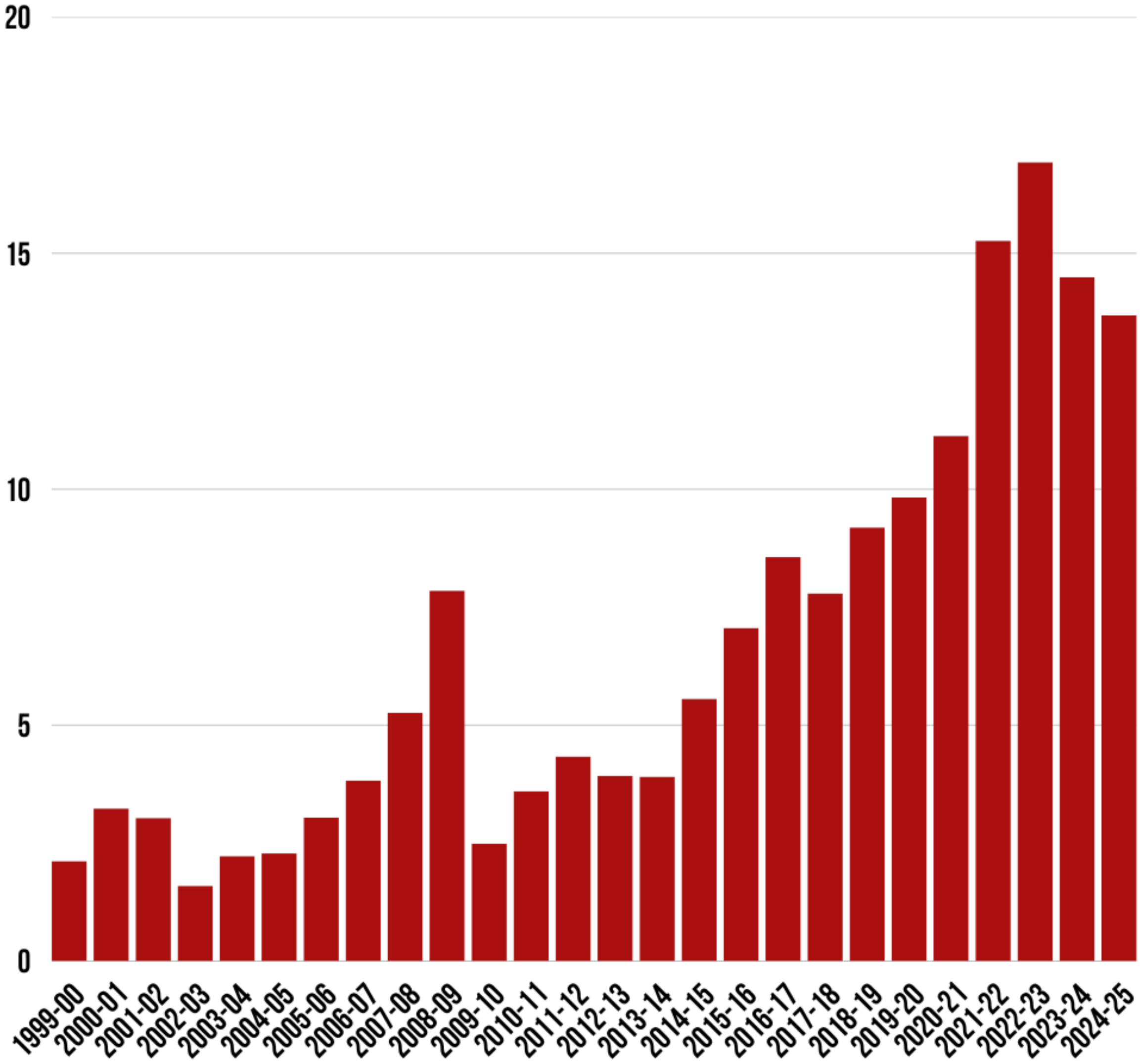
FIGURE 29: UK CGT REGIME ON NON-RESIDENTIAL PROPERTY

	Basic	Top	Allowance
2008-09	18%		10100
2009-10	18%		10100
2010-11	18%	28%	10100
2011-12	18%	28%	10100
2012-13	18%	28%	10600
2013-14	18%	28%	10600
2014-15	18%	28%	10600
2015-16	18%	28%	11100
2016-17	10%	20%	11100
2017-18	10%	20%	11300
2018-19	10%	20%	11300
2019-20	10%	20%	12000
2020-21	10%	20%	12300
2021-22	10%	20%	12300
2022-23	10%	20%	12300
2023-24	10%	20%	12300
2024-25	18%	24%	6000
2025-26	18%	24%	3000

SOURCE: OFFICE FOR NATIONAL STATISTICS

The history of CGT receipts is outlined below.

FIGURE 30: REVENUE FOR CGT £BN



SOURCE: OFFICE FOR NATIONAL STATISTICS

As a reference, the split by band of tax received for 2022-23 is below.

FIGURE 31: CGT PAYABLE, BY BAND. THOUSANDS IN BAND AND AMOUNT RAISE IN BAND £M 2022-3

Range of gain (Lower limit £)	Number of individuals	Total amounts of tax
0	3	16
10,000	108	115
25,000	93	433
50,000	68	851

100,000	46	1,359
250,000	16	1,022
500,000	9	1,127
1,000,000	6	1,396
2,000,000	4	2,298
5,000,000	2	6,037
All	**355**	**14,653**

SOURCE: RESTORE BRITAIN

STAMP DUTY: ABOLISH IN ALL FORMS

There are few taxes as counter-productive as stamp duty has become. A generation ago, stamp duty on residential property was minimal. Today it is not only excessive in its own right, but a major impediment to mobility. A brief comparison of the tax's impact, comparing residential property rates today with rates in 2010-11, may be viewed below. As can be seen, a top rate of 12% reduces aspiration, mobility, and economic activity. It is broadly vindictive.

FIGURE 32: RESIDENTIAL STAMP DUTY RATES TODAY AND IN 2010-11

Today		2010-11	
Up to £125K	zero	Up to £155k	zero
£125k- £250k	2%	to £250k	1%
£250k to £925k	5%	to 500K	2%
£925k- £1500k	10%	over £500k	4%
Above £1500k	12%		

SOURCE: OFFICE FOR NATIONAL STATISTICS

Below we highlight the evolution of the tax take by category. It will be noted that receipts have stagnated as the tax itself has risen, in no small part because it disincentivises transactions. This tax serves no good purpose, so we propose to abolish it.

We believe that the economic dividends that follow from doing so will be considerable because we anticipate a surge in transactions and growth.

UK STAMP DUTY RECEIPTS

Financial year	All property	Stamp duty reserve tax	Stamp Duty	All shares	Total stamp receipts
2017-18	12,905	2,810	710	3,520	16,425
2018-19	11,940	2,865	755	3,620	15,560
2019-20	11,600	2,670	950	3,620	15,220
2020-21	8,670	3,050	625	3,675	12,345
2021-22	14,100	2,915	1,455	4,370	18,465
2022-23	15,360	2,585	1,185	3,775	19,130
2023-24	11,615	2,295	905	3,200	14,815
2024-25	13,885	3,050	1,270	4,320	18,205

SOURCE: OFFICE FOR NATIONAL STATISTICS

VAT: RAISE THE THRESHOLD, START TO REDUCE THE TAX

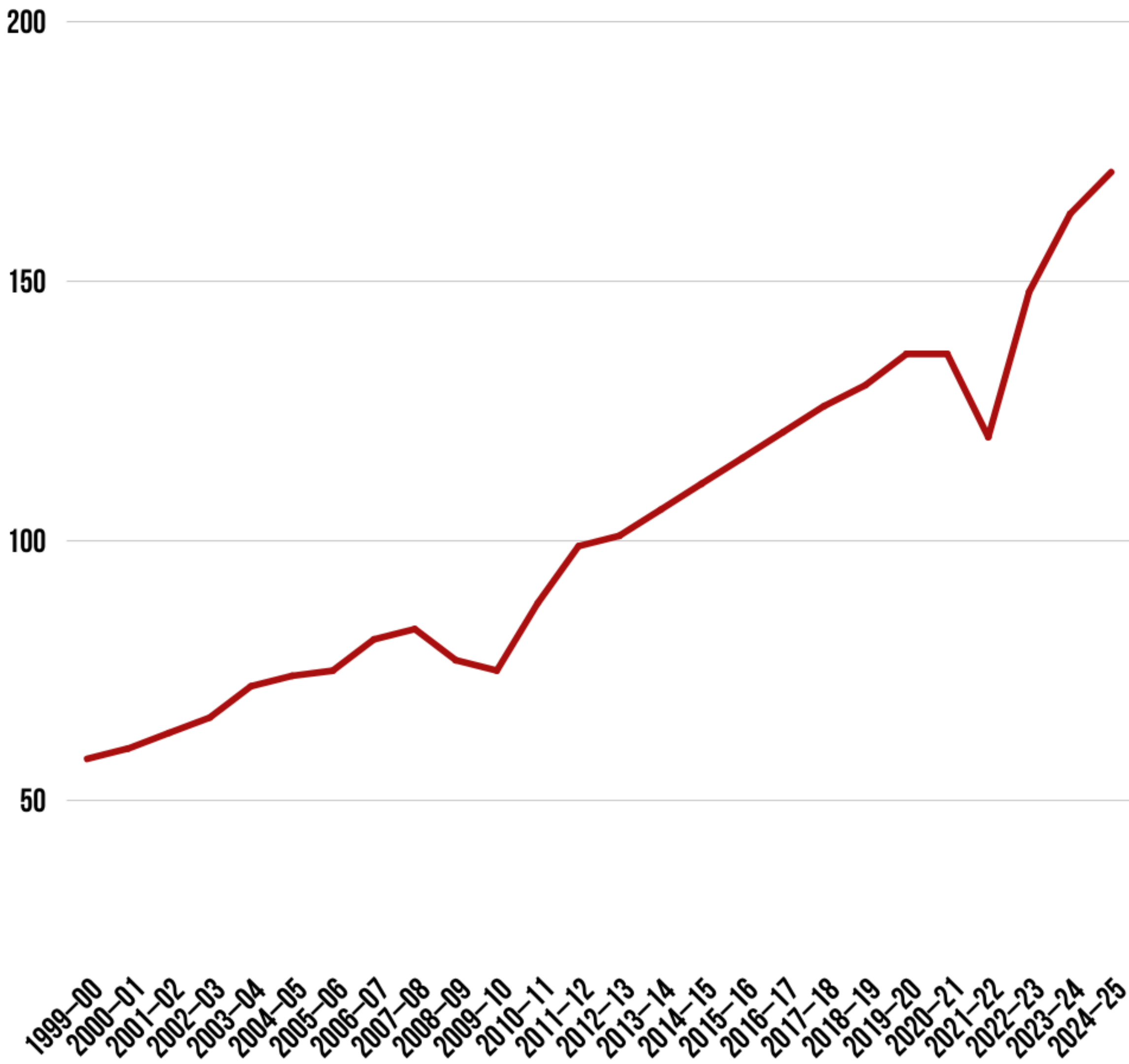
In 2025-26, we estimate that VAT will raise £180 billion. That represents 14.6% of tax receipts.

VAT is levied on the purchase of many goods and services. It is levied on the amount of value added at each stage of the production chain. The standard rate of VAT is 20%, with around half of household expenditure subject to this rate. The reduced rate is 5% and is applied to domestic fuel and power, as well as some other goods.[11] Around 2.5% of expenditure is taxed at this reduced rate. Other goods and services – such as books, newspapers, children's clothing, and most foods – attract a zero rate.

Below we detail the amount of money the current VAT regime raises.

[11] Prime Minister Andrew Burnham has already committed to reducing VAT on household electricity bills from 5% to zero. The scale of our ambition on VAT in all its forms would go much further.

FIGURE 34: VAT RECEIPTS £BN



SOURCE: OFFICE FOR NATIONAL STATISTICS

Our guiding aims here are twofold.

First, we aspire to reduce the rate at which the tax is applied, with a target of lowering it to 18% by the end of the first Parliament. This will cost the Exchequer around £18 billion.

Second, we aspire to raise the threshold at which VAT is applied from £90,000 to £150,000, largely with an eye to supporting small businesses. This could potentially cost the Exchequer £1.9 billion, although the underlying hit to the public finances would in all likelihood be much weaker due to increased small company activity.

We view it as a critical plank of our policy to support small businesses.

SMALL TAXES: SIMPLIFY AND ABOLISH

As part of simplifying our needlessly complex tax system, it is worthwhile to reconsider some of the smaller and often arbitrary taxes that push up the cost of living. There are a range of small taxes that act as an impediment to business, including Insurance Premium Tax (£8.9 billion), Air passenger Duty (£4.1 billion), Emissions Trading Scheme (£3.4 billion), and the Climate Change Levy (£1.3 billion). We intend to abolish these during the life of the Parliament.

Socialism is the philosophy of failure, the creed of ignorance, and the gospel of envy.

Winston Churchill (A speech in Perth, Scotland, on 28 May, 1948)

CONCLUSION

Britain's economic decline is neither inevitable nor irreversible. It is the product of political decisions that have expanded the role of the state, weakened the productive economy, undermined fiscal discipline, and diminished the freedom of ordinary people to build prosperous lives for themselves and their families.

This paper has set out the principles that will guide a Restore Britain government in fixing the mess that successive governments, both Conservative and Labour, have created. We believe that lasting prosperity is created not by the state itself, but by millions of free men and women working, saving, investing, innovating, and building businesses within a predictable framework of law. The proper role of the state is not to replace the market or the family, but to provide the conditions under which both can flourish.

Such prosperity requires sound money, responsible public finances, competitive taxation, secure property rights, proportionate regulation, and leaders who acknowledge the limits of their own competence. It also requires the courage to recognise that prosperity can neither be borrowed from future generations through ever-increasing debt nor printed into existence through monetary expansion.

We reject the false choice between economic freedom and strong public services. A richer nation is better able to provide excellent healthcare, education, defence, and infrastructure than a poorer one. The objective of our reforms is therefore not simply to reduce the size of the state, but to improve the quality of the public services that remain. Many comparable nations deliver better public services at lower cost. Britain can do the same. The notion that public services are doomed to inefficiency unless government spending continually rises is simply false.

Our economic policy cannot be separated from the character of the nation itself. The economy functions best within a high-trust society where the rule of law is respected, property rights are secure, and citizens share a common stake in the country's future. The wealth of our nation ultimately depends not only upon its institutions, but also upon a self-respecting host culture, personal responsibility, and social cohesion. Economic renewal and national renewal must therefore proceed together.

Our ambition is straightforward. Within the limits imposed by fiscal responsibility, we will reverse the long expansion of the state, restore Britain's competitiveness, reward work and enterprise, protect the nation's vulnerable, simplify the tax system, and return economic decision-making to the British people. We seek a country in which the government once again serves the nation rather than the nation serving the government.

None of this can happen overnight. Decline has taken decades; renewal will also take patience, discipline, and determination. But Britain's greatest achievements were never the product of risk-aversion or expedient shortcuts. They were built by generations who accepted responsibility for themselves, their families, their nation, and their descendants.

We believe that these qualities endure among our people. If government once again provides the conditions for enterprise rather than obstructing it, for responsibility rather than dependency, and for freedom rather than bureaucracy, Britain can retake its place as one of the most prosperous, competitive, and admired nations in the world.

Britain's economic decline was a political choice. Our recovery can be one, too.