CT: Accountants Advisers

What could a new Prime Minister mean for UK tax policy?

Following Sir Keir Starmer's announcement of his resignation, we have collated the publicly-expressed views on tax policies of both Andy Burnham, who looks the most likely successor, and other potential tax policies from across the Labour party. Whoever becomes the new Prime Minister may well have to align with Labour's 2024 manifesto, and it's important to note that Andy Burnham has openly committed to upholding that manifesto in not raising the three biggest taxes: income tax, national insurance and VAT.

These are ideas founded in discussion, press interviews and speculation and are not formal Government proposals. The details in a future Budget or draft Finance Bill will be more meaningful, but potential changes in tax policy present a good opportunity to consider your objectives and perhaps accelerate plans that were already on the horizon, to lock in the tax rates of today. As a reminder, the next UK Budget is currently expected to take place on 26 November 2026.

It is important to note that setting rates and bands for income tax and stamp taxes (LBTT) remain devolved powers of the Scottish Parliament and UK changes will not affect Scottish taxpayers. However, any UK-wide increases may align the UK tax burden with Scottish counterparts who already bear higher rates than the rest of the UK.

Contact us if you have any questions:

Michael Jamieson
Tax Director
michael.jamieson@ct.me

Joe McKillion
Tax Senior Manager
joe.mckillion@ct.me

Eilidh McCormick
Tax Manager
eilidh.mccormick@ct.me

	Hypothetical proposals from Andy Burnham	Hypothetical proposals from other Labour MPs
Income tax	Maintain Labour pledge not to raise tax and national insurance Raise the personal allowance and cut basic rates of tax for lower earners Introduce a 50% income tax rate for top earners	Reinstate £1million lifetime allowance on pensions Cuts to basic rate of income tax, funded by an increase in capital gains tax
Capital gains tax		A number of members of the Labour party have discussed their views in favour of increasing capital gains tax (currently 18% and 24%) to align with income tax (currently 20%, 40% and 45%). Close loopholes where income is disguised as capital gains and reserve capital gains tax exclusively for business owners
Property taxes	Replace council and stamp taxes with land value tax (a flat rate charge on the value of land irrespective of the buildings or improvements on the land, rumoured to be between 0.5% and 1%) Increase income tax on property income (however a 2% increase is already expected to take effect in the UK from April 2027 under Starmer's government).	
Inheritance tax	Abolish inheritance tax and replace it with a "care levy" or flat rate estate contribution to fund a new National Care System, rumoured to be payable at 10%	
Business taxes	Cut business rates for high streets, reductions rumoured to be up to 20% No VAT increases Reduce to employers national insurance (currently 15%)	Increase corporation tax for banks

Final thoughts

The formal leadership nominations open on 9 July 2026 and much could change before then, but Andy Burnham appears the overwhelmingly likely successor. For UK taxpayers, a Burnham government could mean less immediate change and more structural change over time, redistributing where tax is collected rather than a blanket tax increase. Over time, the suggested changes appear to support a shift from the taxing of earnings to the taxing of assets and wealth with the potential winners being lower to middle-income earners and small businesses, while landlords, property investors and high earners could expect to bear more of the tax burden.

If you have any queries in relation to your tax position, please reach out to see if we can offer advice and limit your tax exposure. Though we don't have certainty over future tax rates and legislation, we can help support you and your plans to provide clarity on your own position ahead of any upcoming changes.