

Green Party proposes to abolish not increase national insurance to fund social care

6 September 2021

- **Greens call to replace national insurance with single unified income tax to reduce loopholes and raise £24 billion to help fund social care**

The Green Party has condemned the Chancellor's proposal to increase tax on working people and called for national insurance to be scrapped entirely in favour of a single unified income tax which could raise an additional £24 billion to fund social care.

Molly Scott Cato, Green Party economy and finance spokesperson, said:

"Increasing national insurance will simply force working people to pay more while protecting the more well off in society, whose wealth is wrapped up in property and other investments.

"The Green Party proposes a single tax so that all incomes, including rental and investment income, are taxed at the same rate. We would be prepared to increase income tax until it reaches a level comparable with other economies that have comprehensive health and care systems. [1]

"Our single tax would remove the unjust loophole whereby earnings above £50,000 are charged only 2%. These changes together would bring an additional £24 billion into the Exchequer." [2]

Green Party acting leader Sian Berry said:

"A decent, dignified social care system without anxiety or unfairness is long overdue, and we need new ideas.

"But, rather than taking a penny-pinching approach, the Chancellor should build a social care system fit for everyone's needs and which creates good new jobs paying a decent wage. We should be following the example of post-war Chancellors who built our health system despite a crisis in the public finances.

"It's time for all parties to work together in order to build a social care system that is free for everyone to use at the point of service, and which will also make sure carers are paid a decent wage for their hard work."

ENDS

Notes

See table 1:

<https://www.oecd-ilibrary.org/sites/8625f8e5-en/1/3/1/index.html?itemId=/content/publication/8625f8e5-en&csp=10eecbf76519867b3d14d98d90e8aff0&itemIGO=oecd&itemContentType=book#figure-d1e280>

2

Increasing additional rate of employees National Insurance from 2% to 12% (same as standard rate) would raise around £11bn per year for the treasury

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/737597/Dec_17_Main_Reliefs_Final.pdf

According to figures from the Institute for Public Policy Research, taxing income from assets in the same way as income from work could gain £15bn per year by 2025:

<https://www.ippr.org/research/publications/just-tax>

		2020/21	2021/22	2022/23	2023/24	2024/25	Total (£bn)
Tax capital gains at the same rates as income		0	+8	+10	+9	+9	+36
Remove the annual exempt amount		0	+4	+4	+4	+4	+15
Remove entrepreneur's relief		0	+2	+3	+2	+2	+9
Introduce an allowance	RRA based on bond yields	0	-5	-5	-6	-6	-22
	Indexation allowance	0	-3	-3	-4	-4	-14
Remove death relief		0	+1	+1	+1	+1	+5

Entrepreneurs' relief has now [largely been reduced by the government](#), so a realistic increase would be £13bn.

This means, coupled with the increased rate, the total extra revenue would be around £24bn per year.

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