# Can a revised tax system re-balance intergenerational fairness?

**A new report has proposed taxing the baby boomers to help resolve major issues around intergenerational fairness.**

The report, published by the Intergenerational Commission in May, offers ten policy recommendations which would represent a radical overhaul of the UK tax system.

Examples include replacing inheritance tax with “a lifetime receipts tax that is levied on recipients with fewer exemptions, a lower tax-free allowance (£125,000) and lower tax rates (20% and 30%)”, and replacing council tax with a “progressive property tax” levied on owners rather than occupants, with a marginal rate of 1.7% on property value over £600,000.

The Commission was set up by the Resolution Foundation to examine the issue of fairness between the generations, and has been examining whether the baby boomer generation (1946-1965) has left generation X (1966-1980) and the millennials (1981-2000) to pick up the bill.

Their report found the post-war generation has the advantage, based on a range of measures including home ownership, earnings progression, personal debt and pension wealth.

As with most think tank reports, this grand plan is unlikely to be put in place. However, some of the proposals could see the light of day, as ministers look for solutions to the problem.

One such example was an idea to generate extra funding for the NHS by extending national insurance contributions (NICs) to people working beyond state pension age. This was reported the day before the Commission’s report was published and Jeremy Hunt, the Health and Social Care Secretary, was quoted as favouring the idea. The Commission’s report went further, proposing that NICs also be charged on private pensions, at a reduced rate.

One point the report makes, which is supported by many other research bodies, is that the ageing population will require more government expenditure on health and social care. The Commission wants that cost to be borne by those who receive the benefit, but politicians may not agree. Either way, the message is that if you are hoping for tax cuts, they are unlikely to come from the government. Taking control of your own planning for your later years is a more sensible option.

*Tax laws can change.*

*The Financial Conduct Authority does not regulate tax advice.*