

## Equalising capital gains tax could pay for lifting the two-child benefit cap many times

The Green Party is today arguing that hundreds of thousands of children can be lifted out of poverty if Labour committed to equalising capital gains tax to pay to scrap the two-child benefit cap. The four newly elected Green MPs, will be proposing a reasoned amendment to the King's Speech that includes the scrapping of the two-child benefit.

The [IFS estimates](#) that the cap will impact 2.63 million children by the end of this parliament and that scrapping the cap would cost in the region of £3.4billion – before taking into account the wider economic impact of poverty on health and welfare systems. In their recent manifesto, the [Green Party estimated](#) that making Capital Gains Tax fairer could raise £16bn, a move that would impact less than 2% of income taxpayers [2]. This £16bn figure is supported by research conducted by [Arun Advani](#), a tax expert at the University of Warwick, who estimated that equalising CGT and income tax rates would raise £16.7bn a year [3].

Green MPs will tomorrow propose an amendment to propose the government scraps the two-child benefit cap. Green Party Co-Leader, Carla Denyer MP, speaking on behalf of the Green group of MPs said,

“I think Labour are serious when they say they want to change the country. But the change they are looking to achieve will always be hamstrung for as long as they limit their own potential to raise additional revenue to spend on frontline services. The impact of this approach is already clear. Every day we have children going hungry, unable to concentrate in school or struggling to ascertain even the very basics – this is the real world impact of child poverty. And so today we're offering Labour a positive fairer taxation that will allow them to redistribute money from some of the wealthiest to some of the very poorest. This is a political choice that they must now make.”

The IFS looked at the disparity of how the two-child benefit cap affects different families, and noted particularly the figures relating to British-Pakistani and British-Bangladeshi children saying “We estimate that 43% of children in households with one adult of Bangladeshi or Pakistani origin (400,000 children) would be affected by the policy when fully rolled out, compared with 17% of children in other households (2.4 million children).”

Commenting, Green Party Work, Employment and Social Security Spokesperson, Prof Catherine Rowett said, “Scrapping the two-child benefit cap is a moral and practical imperative. It is a matter of social, economic and racial justice. Today we have outlined one way that Labour, if they had the political will, could choose to help millions of children. And child poverty blights lives and costs millions, as generations of children are condemned to

lower achievement and a lifetime of poor health. When they say there is no money, remember this is a political choice – they're ignoring the political, social and economic costs of keeping children in poverty.”

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