

Taxing the generations

The last Conservative Manifesto suggested that elderly people should have to pay more for their social care at home, to match the way they have to pay for residential care from the proceeds of selling their house. This was an unpopular proposal which has been abandoned as I understand the government's position. It was an illustration of how people in the UK are not willing to pay more tax or to make a larger contribution to social services they enjoy.

Some now say there needs to be higher taxes on the elderly so the state can offer more to the young. I do not agree with this logic. It is one of the successes of recent years that more pensioners retire with a reasonable income than thirty years ago. It is good news that the basic state pension has gone up thanks to the so called triple lock the Coalition imposed. Why would we want to reverse progress for pensioners?

It is true we need to help young people more. The best help they can receive is a good education followed by plenty of decent job opportunities. In recent years the numbers of jobs have expanded, and considerable effort put into higher education, apprenticeships and training. The government needs to press on with the task of improving education and training and providing a supportive framework for a growing economy.

It is true that more needs to be done to help young people buy their own home. Survey after survey shows that homeownership is the preferred tenure for most people. Many people currently renting would like to be able to afford to buy. The budget should tackle this matter most strenuously. It will need a new migration policy to back it up, to narrow the gap between housebuilding and demand for homes.

It would be a good idea to lower Stamp Duty. If we believe in home ownership as a good why do we tax it so much? It would be helpful to be supportive of lending and deposit schemes to assist young people with the capacity to service the debt into ownership. This does not require us to tax the elderly more.

The multi generational family may have substantial housing wealth amongst the old members. Maybe we also need new ways to share this if the family so wishes, and to ensure it can pass from one generation to the next without tax. The exemption of a family home from IHT for some people is a step on this road.

The high Stamp duties get in the way of elderly people trading down as well as adding to the costs of first time purchase in many areas.