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# [Ed Davey launches the Liberal Democrat manifesto](#)

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# [Fairly reforming Capital Gains Tax to save our NHS](#)

**We have a fair plan to fund a rescue package for our health services.**

Our NHS is in crisis. The Conservatives have failed to deliver the new hospitals they promised and left people waiting hours for an ambulance, weeks to see a GP or months for urgent cancer treatment.

That's why, at this election, the Liberal Democrats are putting forward a bold £5 billion-a-year rescue package for our NHS. That includes funding to:

- Increase the number of GPs by 8,000, so that everyone can get an appointment when they need one.
- Boost cancer survival rates to among the highest in the world, by investing in cancer research and treatment.
- Improve mental health services, including talking therapies and walk-in hubs for young people.
- Bring dentists back to the NHS from the private sector by fixing the broken NHS dental contract.

Our plan is fully funded. After all, the Conservative Government has shown all too clearly the damage and pain caused by fiscal irresponsibility. So throughout our manifesto, all day-to-day spending commitments are funded by tax revenue, not borrowing.

But after years of damaging Conservative tax rises, and in the middle of a cost-of-living crisis, it would be wrong to ask ordinary families and pensioners to pay more to clear up the Conservatives' mess.

That is why our NHS rescue package is funded by fairly reforming Capital Gains Tax, to close loopholes exploited by approximately the top 0.1% wealthiest individuals in the country.

## **How would it work?**

Right now the capital gains system is broken for everyone.

Most people are paying far too much when they sell a property or a few shares, because the system doesn't account for inflation over the time they've owned them. At the same time, a tiny number of super wealthy people – roughly the top 0.1% – exploit it as effectively one giant loophole, to avoid paying the rates of income tax everyone else does.

According to the latest HMRC statistics, 14,000 multi-millionaires used the loophole to pay less than half the top rate of income tax on their combined £60 billion income.

We want to reform the whole system to make it much fairer – cutting taxes or keeping them the same for the vast majority of people, while making sure the super wealthy can't avoid paying their fair share.

Margaret Thatcher's Chancellor Nigel Lawson reformed Capital Gains Tax along very similar lines in 1988, arguing that having lower rates than income tax was "hard to justify" and "inevitably creates a major tax avoidance industry".

## **What are the details?**

Under our plan, there would be three rates of Capital Gains Tax, like there are for income tax: 20% (for gains up to £50,000), 40% (between £50,000 and £100,000) and 45% (over £100,000). Unlike now, where your Capital Gains Tax rate is determined by adding together your income and capital gains, the rate would be based solely on your gains.

The capital gains tax-free allowance would go up from £3,000 to £5,000, and crucially, we would also introduce a new "inflation allowance", so that any gains that are purely the result of inflation are not taxed at all. There would also be a targeted relief for small businesses.

## **How much would it raise?**

We estimate that these reforms would raise £5.2 billion a year in 2028-29, to

invest in our NHS and improve local health services for everyone.

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## [Ed's story](#)

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## [Free school meals for all primary school children](#)

**The Liberal Democrats have launched their ambition to extend free school meals to all primary school children, funded by a new share buyback tax.**

The party's plan includes an immediate extension of free school meals to all 900,000 children living in poverty who currently miss out. The second phase would see all primary school children receiving free school meals as the public finances stabilise.



## Ed Davey said

“Across the country, I hear heartbreaking stories of children going to school with empty packed lunch boxes as parents struggle to cover even the basic costs.

“Conservative MPs should hang their heads in shame at a legacy of children going hungry in the worst cost of living crisis in a generation.

“Children cannot be expected to learn on empty stomachs with no guarantee of a hot meal when they get home.”

[Analysis by PWC](#) found that every £1 spent on free school meals for the poorest children generates £1.38 in health and earnings benefits, including improvements to children’s health, education and future working life opportunities.

The new policy will make the Liberal Democrats the most ambitious party on free school meals. The government currently only provides meals for all children in reception, year 1 and year 2. In year 3 and above, the government has set stringent conditions on family income for children receiving free school meals.

The manifesto pledge would be funded by a 4% [levy on the share buybacks](#) of FTSE 100 listed corporations, similar to the excise tax on buybacks implemented by President Biden in the US, which could raise around £1.4bn a year.

It is time for change. Every vote for the Liberal Democrats is a vote for a local champion who will fight for the wellbeing of children and their futures.

The Liberal Democrats have the most ambitious plan for free school meals of any party, which would save parents money and transform the future for millions of children.

### **Extend Free School Meals**

Back the Liberal Democrat plan to extend free school meals to all primary school children.

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