

## The tax situation in the UK & Harris vs Trump

Ahead of the US elections tomorrow, below a brief overview on the different policies of Harris and Trump as well as a short paragraph on UK taxes. A Harris win would resemble what we have seen in the UK and France lately: Higher taxes for the wealthy and corporations. Whereas a Trump win could either result in another 4 years of US exceptionalism or in a global trade war and recession. The market seems to price in US exceptionalism for now...

### The tax situation in the UK

When comparing historic corporate taxes to today, it appears that corporate taxes is the one tax that politicians could still raise drastically. From 52%, the UK corporate tax rate reached a record low of 19% in 2017 compared to 25% currently<sup>1</sup>. However, the receipts as a percentage of GDP are now near record highs of over 3% - this was as of 2021, with the most recent Budget we are likely at a record high now. Whilst the headline corporate tax rate appears low, there are many stealth taxes involved in doing business, such as business rates, national insurance contributions and all sorts of other taxes that one might not even know about. Below is a table from pub operator JD Wetherspoon. With annual revenues of £2.035bn in FY 2024 and costs of around £1.978bn, the total tax bill of £780mio makes up nearly 40% of total costs. As mentioned in the Labour Budget [note](#), the government could raise taxes more by going after the pensions. A corporate tax hike might not be on the cards in the future, unless Kamala Harris wins...

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<sup>1</sup> <https://obr.uk/box/corporation-tax-in-historical-and-international-context/>

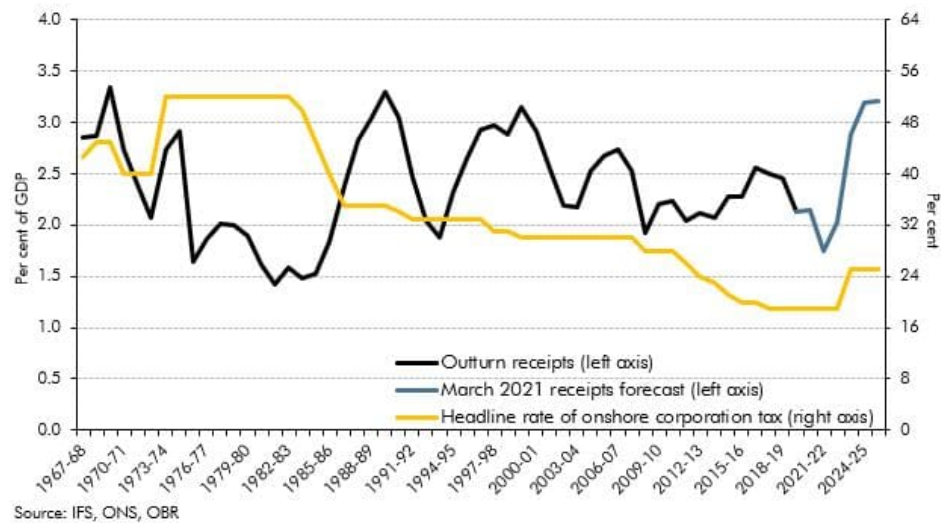
## JD Wetherspoon pubs: Annual tax payments

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	TOTAL 2015 to 2024
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
VAT	394.7	372.3	287.7	93.8	244.3	357.9	332.8	323.4	311.7	294.4	3,013.0
Alcohol duty	163.7	166.1	158.6	70.6	124.2	174.4	175.9	167.2	164.4	161.4	1,526.5
PAYE and NIC	134.7	124.0	141.9	101.5	106.6	121.4	109.2	96.2	95.1	84.8	1,115.4
Business rates	41.3	49.9	50.3	1.5	39.5	57.3	55.6	53.0	50.2	48.7	447.3
Corporation tax	9.9	12.2	1.5	-	21.5	19.9	26.1	20.7	19.9	15.3	147.0
Corporation tax credit (historic capital allowances)	-	-	-	-	-	-	-	-	-	-2.0	-2.0
Fruit/slot machine duty	16.7	15.7	12.8	4.3	9.0	11.6	10.5	10.5	11	11.2	113.3
Climate change levies	10.2	11.1	9.7	7.9	10	9.6	9.2	9.7	8.7	6.4	92.5
Stamp duty	1.1	0.9	2.7	1.8	4.9	3.7	1.2	5.1	2.6	1.8	25.8
Sugar tax	2.6	3.1	2.7	1.3	2.0	2.9	0.8	-	-	-	15.4
Fuel duty	2.0	1.9	1.9	1.1	1.7	2.2	2.1	2.1	2.1	2.9	20.0
Apprenticeship levy	2.5	2.5	2.2	1.9	1.2	1.3	1.7	0.6	-	-	13.9
Carbon tax	-	-	-	-	-	1.9	3.0	3.4	3.6	3.7	15.6
Premise licence and TV licences	0.5	0.5	0.5	0.5	1.1	0.8	0.7	0.8	0.8	1.6	7.8
Landfill tax	-	-	-	-	-	-	1.7	2.5	2.2	2.2	8.6
Insurance premium tax	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	-	1.7
Furlough tax	-	-	-4.4	-213	-124.1	-	-	-	-	-	-341.5
Eat Out to Help Out	-	-	-	-23.2	-	-	-	-	-	-	-23.2
Local government grants	-	-	-1.4	-11.1	-	-	-	-	-	-	-12.5
<b>TOTAL TAX</b>	<b>780.2</b>	<b>760.4</b>	<b>666.9</b>	<b>39.1</b>	<b>442.1</b>	<b>765.1</b>	<b>730.7</b>	<b>695.3</b>	<b>672.4</b>	<b>632.4</b>	<b>6,184.6</b>
<b>TAX PER PUB (£m)</b>	<b>0.98</b>	<b>0.92</b>	<b>0.78</b>	<b>0.05</b>	<b>0.51</b>	<b>0.87</b>	<b>0.83</b>	<b>0.78</b>	<b>0.71</b>	<b>0.67</b>	<b>7.10</b>
<b>TAX AS % OF NET SALES</b>	<b>38.3%</b>	<b>39.5%</b>	<b>38.3%</b>	<b>5.1%</b>	<b>35.0%</b>	<b>42.1%</b>	<b>43.1%</b>	<b>41.9%</b>	<b>42.1%</b>	<b>41.8%</b>	<b>36.7%</b>
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>58.5</b>	<b>33.8</b>	<b>-24.9</b>	<b>-146.5</b>	<b>-38.5</b>	<b>79.6</b>	<b>83.6</b>	<b>76.9</b>	<b>56.9</b>	<b>57.5</b>	<b>236.9</b>

Note - this table is prepared on a cash basis, is UK only and post IFRS-16 from FY20 onward.

Source: JD Wetherspoon

**Chart B: Onshore corporation tax receipts versus the headline rate**



Source: Economic and fiscal outlook March 2021 <https://obr.uk/box/corporation-tax-in-historical-and-international-context/>

## Harris vs. Trump

Most rallies of Trump last around 3x as long as those rallies of Harris. Harris generally speaks for around 20 minutes compared to 1hr for Trump and drops a lot fewer policies during this relatively short time. During one recent speech, I watched her naming 3-4 policies within just one minute with the rest of the speech talking about Trump and other things. However, her official policy book is 82 pages long compared to just 16 pages of Trump's. For the most part that's due to pictures and long text – the number of policies & ideas is actually more under Trump, however, less defined than Harris's. The key elements that are likely moving markets would be a win of Kamala Harris due to the higher corporate tax rate of 28% compared to Trump's 15%. The question would be if Trump wins how quickly the wars will end and what the situation on trade wars and tariffs pans out to be. Interestingly, Trump's policy plan does not mention a 15% corporate tax rate.

## Harris's vs. Trump's Policy Book

Measure	Harris	Trump
(De)Globalisation	No rewards for corporations shifting jobs and profits overseas	Banning companies that outsource jobs from doing business with the Federal Government
Abortion	Pro-abortion (not in the plan, but mentioned during rallies)	Opposes late term abortion
AI	National AI Research Resource infrastructure with tools, data computing power for startups and researchers	Reduce regulation
Buyback tax	Quadruple the tax rate on corporate buybacks to 4%	Status quo
Capital gains tax	Increase from 20% to 28% for Americans earning >\$1mio or more	Status quo
Corporate tax	28%	15% (not in the plan, but mentioned during rallies)
Crypto	Status quo	Defend right to mine Bitcoin, right to self-custody of digital assets free from government surveillance and control
Current programme	Continuation of CHIPS and Science Act, Bipartisan Infrastructure Law and Inflation Reduction Act	Vowed to pull back climate law's unspent dollars and CHIPS and Science act
Defense spending	Status quo	Peace through strength, Iron dome defense shield
Education	Reduce degree requirements for certain jobs, provided \$170bn student debt relief & continue this path	Affordable alternative to 4-yr College degree, close Department of Education in Washington and send it back to states
Electric vehicles	Supports continuation of Inflation Reduction Act	Cancel EV mandate, prevent Chinese imports
Family care	Increase paid leave, support childcare centers	Support unpaid family caregivers with tax credit
Farming	Focused on price gouging	Support farmers via trade deals
Federal Reserve	Status quo	Oppose central bank digital currency
Federal spending	Seeks efficiencies, cutting red tape	Elon Musk efficiency department
Food	Build resilient food supply chains by expanding small farm production, funding for small producers	Kennedy is on the forefront to enable healthy food
Gender	Pro LGBT+ (not in the plan, but mentioned during rallies)	Ban gender change government funding
Green energy	Co-sponsor of Green New Deal, but now supports fracking, supports 2015 Paris Agreement	Terminates Green New Deal
Healthcare	Expand and make the tax credit enhancements for Affordable Care Act permanent, lower prescription prices with product selling price caps, Strengthen Social Security and Medicare	Protect Medicare and Social Security, promote choice and competition to reduce prescription drug costs

Housing	Expand affordable rent supply by >1.2mio new affordable homes, 400k new owner-occupied homes construction support, \$40bn local innovation fund to expand housing, \$25k for first time buyers, stopping Wall Street investors from buying homes in bulk	Open limited Federal Lands for new home construction, tax incentives for first-time buyers
Immigration	Bipartisan border deal includes shutting the border with 5k or more migrants, 8.5k daily migrants would force mandatory border closing	Deport illegal migrants
Inflation	Federal ban on price gouging, prosecute price-fixers, anti-competitive behaviour	Cut by "drill baby drill", deregulation
Israel/Iran	Join 2015 Iran nuclear deal	Sanction Iran, support Israel
Justice system	Suggestions out there that she supports Supreme Court reform	No changes to number of judges in Supreme Court
New Business	Goal of 25mio new business applications, start-up expense deduction to climb from \$5k to \$50k, cut red tape for tax filing	Status quo
Oil and gas	Continues Inflation Reduction Act	Reduce regulation, provide Federal Land for drilling
Other taxes	No tax on tips, taxing unrealised capital gains (endorsed Biden's plan)	Trump tax cuts permanent, no tax on tips
R&D	Higher spending	More for the military
Regulation	Status quo	Crack down on excessive regulation
Religion	Religious liberty	New Federal Task Force to fight anti-Christian bias
Rent	Ending unfair rent rises by corporate landlords	Status quo
Security	Status quo	Vital importance of Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, the U.S. Virgin Islands, and Puerto Rico for National Security
Taiwan/China	Status quo	Taiwan should raise defense budget to 10% of GDP, sells arms to Taiwan, pay for US protection
Tariffs	No tariffs, except those already in place	10-20% universal, 60% for China
Tax credit	\$3.6k expanded child tax credit, \$6k for first year of child, \$1.5k tax cut for low-income jobs	Expand child tax credit and family caregivers tax credits
Trade	Opposed USMCA, wants to reform WTO	Rebalance trade, independence of China
Ukraine/Russia	Status quo	Bring peace to Ukraine, NATO spending commitment
Unions	Support	Does not support
Voting	Status quo	Proof of voter ID, paper ballots
Source	<a href="https://kamalaharris.com/wp-content/uploads/2024/09/Policy_Book_Economic-Opportunity.pdf">https://kamalaharris.com/wp-content/uploads/2024/09/Policy_Book_Economic-Opportunity.pdf</a> <a href="https://rncplatform.donaldjtrump.com/?_gl=1*53dwfa*_gcl_au*OTg2MDY5MzM3LjE3MzA3MjMzNDI.&amp;_ga=2.124098243.895730674.1730723342-1156049982.1730723342">https://rncplatform.donaldjtrump.com/?_gl=1*53dwfa*_gcl_au*OTg2MDY5MzM3LjE3MzA3MjMzNDI.&amp;_ga=2.124098243.895730674.1730723342-1156049982.1730723342</a>	

Source: Policy books & rallies



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