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UK Joins UN Agreement Backing Higher Taxes, Sparking Political Criticism

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Prime Minister Keir Starmer has signed the United Kingdom (UK) onto a new United Nations (UN) agreement that includes commitments to raise taxes on the wealthy, fuel, alcohol, and other products. The move, part of the Sevilla Agreement, has been met with political backlash at home and contrasts with the United States' decision to withdraw from the pact last month.

The Sevilla Agreement was adopted by nearly all UN member states this week, with the UK joining alongside other nations aiming to address global inequality and mobilize large-scale financial support for development goals. The agreement encourages participating countries to broaden their tax base and adopt more progressive tax systems, including potential increases on high-income earners and products such as tobacco, sugary drinks, and fossil fuels.

Chancellor Rachel Reeves has not ruled out further tax increases in the upcoming autumn budget, adding to speculation that the UN deal may shape future domestic fiscal policy. Critics argue the agreement could commit the UK to policies that make reversing Labour's tax approach more difficult in the future.

Shadow Treasury Minister Gareth Davies expressed concern that the Government is ceding control over tax decisions to international bodies. He accused ministers of "outsourcing tax policy to organisations that don't reflect the priorities of the British people" and claimed the result would be more complicated and burdensome taxation for UK citizens.

The UK has also signed several supplementary declarations promoting taxes on unhealthy products, including sugary drinks. The broader agreement supports what it calls "gender-responsive taxation" and increased efforts to tax the informal economy, including unreported and cash-in-hand income.

Senior UN official Marcos Neto described the agreement as a strategy to align global financial flows with the Sustainable Development Goals and the Paris Agreement. He said the pact outlines guidance for all types of funding, public and private, national and international.

Supporters of the agreement argue it offers a path to fairer global financing, while opponents worry it could restrict domestic policy flexibility. With the UK facing ongoing debates about tax levels, spending priorities, and economic fairness, the agreement adds another layer to the political discussions ahead of the next budget.

As tensions rise over Labour's economic direction, the Government's decision to align with this UN-led initiative marks a notable shift in international tax cooperation.