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## Senior Minister Signals Tax Hikes for Affluent Workers

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– Categories: Finance



A senior Cabinet minister has indicated that higher earners may face fresh tax increases in the Chancellor’s autumn Budget as the Government seeks to plug a multi-billion-pound deficit in public finances.

Transport Secretary Heidi Alexander stressed that those on modest incomes would remain protected, yet admitted that wealthier workers could see their tax bills rise.

Speaking to *Sky News*, Ms Alexander said the Government is “determined, when it comes to taxation, that fairness will be our guiding principle”, though she stopped short of ruling out new wealth taxes. Her remarks are the clearest indication yet that Chancellor Rachel Reeves

is eyeing higher contributions from top earners to cover rising costs across the public sector.

Proposals under review reportedly include taxing investment income, property gains, and other high-value assets.

## Budget Pressures

The Treasury insists that working people's taxes will remain as low as possible. However, the growing scale of the fiscal challenge, worsened by expensive U-turns on welfare and fuel support schemes, is forcing ministers to consider alternative funding streams. Economic analysts estimate a tens of billions of pounds shortfall, placing pressure on the Chancellor to raise new revenues without breaching Labour's headline tax pledges.

Ms. Alexander's comments arrive ahead of Rachel Reeves' highly anticipated Mansion House address, where she is expected to unveil a sweeping package of financial reforms. Much like Margaret Thatcher's "Big Bang" in the 1980s, the proposed overhaul aims to revitalise the City of London by making it more attractive to investors and public listings.

According to sources close to the Chancellor, the plans could include reducing red tape, easing listing requirements, and enhancing access to private capital. Supporters argue this could reignite growth in the financial services sector, though critics are sceptical about whether these measures alone can compensate for possible tax increases on higher earners.

In addition to tax reforms, ministers are preparing a significant review of private sector pensions. One option is raising employer contributions through the existing auto-enrolment scheme. The aim is to boost long-term retirement savings while easing the future burden on the state pension system.

With the cost of state pensions continuing to rise, government insiders are growing concerned about sustainability. Encouraging greater personal savings is seen as a necessary step, though caution is expressed about placing further strain on already stretched businesses.

Business groups have voiced concerns that any new levies or higher employer costs could stifle growth and make hiring more expensive. The British Chambers of Commerce has

warned that increasing companies' financial obligations may ultimately hurt jobs and wages.

John Longworth, former director-general of the Chambers, said: "The Government must be careful not to undermine productivity and competitiveness at a time when businesses are still navigating economic uncertainty."

As the Chancellor prepares her Budget, many in the middle-income bracket will be watching with unease. While Labour has promised to shield the majority from tax rises, there is growing speculation that the definition of "modest income" may soon be up for debate.