

29 May 2024



**The UK General Election 2024:**  
What to look out for, what to say  
and what to do

Prime Minister Rishi Sunak called a UK General Election on 22 May 2024, to take place on 4 July 2024. A new government will then be formed the following day or shortly thereafter. Whilst it is too early to be certain about the exact promises that competing political parties will make, or the outcome of the election itself, it is possible to predict what these might mean for employers and employees.

We work through all of that in this briefing, helping organisations understand what could be coming for the UK's tax and immigration regimes and how this might impact employers and employees.

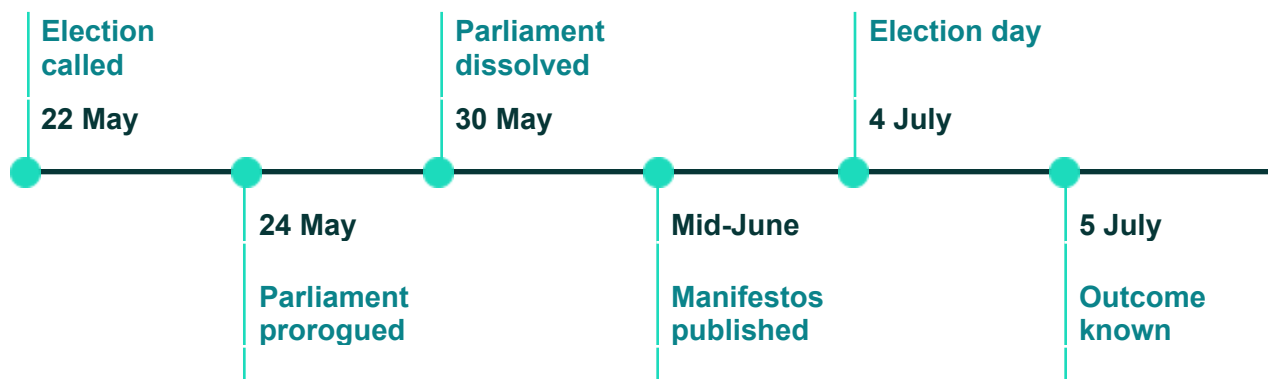
## What to look out for

### The process

The most important upcoming dates to note are: (i) mid-June (when Manifestos are likely to be published); (ii) 4 July (election day); and (iii) 5 July (when the results should be known).

The Manifesto documents will set out each party's promises and tell us their biggest plans if they successfully form a government or coalition government. Tax and immigration are likely to be key features and heavily debated.



















There will also be two debates broadcasted on the BBC and ITV. Dates are to be confirmed, but they should give us a broader understanding of how the parties intend to operate.









Any changes to tax and immigration policy will probably come later, perhaps after consultation. The likelihood is that the various parties will talk at a relatively high level during the election, provide more detail at the September party conferences, and follow up with more later in the year (we would expect some announcements in a post-election fiscal event), or in early 2025. That said, it may be that some changes are pushed through in their first 100 days of government, (i.e. before 12 October 2024).

## The contenders

Most commentators believe that Labour will form the next government, although some polls suggest they may need to ally with other parties and create a coalition. The only other potential outcome appears to be a Conservative victory, but opinion polls suggest that is unlikely to happen. Here's the landscape as of 24 May 2024:

Political Party	Total MPs before the election	Support as of 24 May 2024 <sup>1</sup>	Position on the political spectrum <sup>2</sup>
 Conservatives	346	23%	 Centre-right
 Labour	205	45%	 Centre-left
 SNP	43	3%	 Centre-left
 Liberal Democrats	15	9%	 Centrist
 DUP	7	Not available	 Right
 Sinn Féin	7	Not available	 Left
 Plaid Cymru Party of Wales	3	1%	 Centre-left
 ALBA	2	Not available	 Centre-left
 Social Democratic and Labour Party	2	Not available	 Centre-left

 green party comhaontas glas	1	6%	 Left
 REFORM UK	1	11%	 Right
 WORKERS PARTY GB	1	Not available	 Left

**Notes:**

1. Polling data has been sourced from the [BBC's poll of polls](#). We have not attributed % support where it is not recorded by the BBC.
2. Political positions mostly sourced from [here](#).
3. Several parties exist only in their respective parts of the UK, variously Northern Ireland, Scotland and Wales.

We have not sourced data on smaller parties, for instance the Monster Raving Loony Party or Count Binface, but we understand they will be standing.

## Likely policies

### Overview

- The Conservative Party, Reform UK and other right or centre right wing parties will likely be inclined to call for lower tax levels and less immigration.
- The Labour Party and other centre-left and centrist parties are unlikely to increase direct taxes and will probably share some aspiration for lower levels of taxation, but only where these are affordable. They are likely to call for a fairer immigration system, but that will mean different things to different parties – variously fairer on local workers, migrant workers or the UK regions those parties represent.

### A little more detail

#### Likely positions on tax impacting employers and employees

We have outlined below the headlines of what we're likely to see generally from the election front-runners or in a Labour-led coalition.



- Tax policy will be one of the central levers used by all parties to try and influence votes. Following a cost of living crisis and period of high inflation, the ability to impact someone's take home pay is likely to carry significant

sway. Whilst the tax policies may vary, an overall theme of simplicity, fairness and equality is likely to be prevalent across the parties.

- Both the Labour and Conservative parties have suggested they will look to tackle the “tax gap” (i.e. the difference between HMRC’s estimate of tax owed and tax it has collected). HMRC’s [most recent](#) tax gap estimation is £36bn, and both parties have suggested more focus on closing the tax gap by cracking down on tax avoidance and evasion. This is likely to be broadly supported by the Liberal Democrats, who have also pledged a clampdown on tax avoidance and evasion.



- We were expecting a tax-cutting autumn fiscal event from the Conservatives, but the recently-announced general election has thrown this into doubt. The earlier election date is likely to see further tax cut promises being tabled by the Conservatives, who may continue to feel pressure to reduce the overall tax burden in the UK.



- Labour has been critical of the tax burden currently faced by individuals, [citing](#) this as “*the highest for more than 70 years*”. However, despite being vocal, they may find it difficult to make direct tax cuts given the limited financial headroom available and the difficult task of balancing tax versus spending.
- Labour has also [published](#) its plan to make work pay. Whilst much of this plan relates to worker rights, there are a number of crossovers with tax and/or pay governance, in particular the categorisation of workers, delivering a genuine living wage and creating a single enforcement body.



- Given their focus on the impact of the cost of living crisis, the Liberal Democrats are unlikely to support income tax increases but, in order to tax wealth more similarly to income, are likely to propose abolition of the separate annual exemption for capital gains tax.
- It is likely that, in the event of a coalition, it may not be possible for the Liberal Democrats to push through this proposed change on a general basis. That said, Labour has suggested changes to the tax treatment of carried interest for investment managers, namely to tax the receipt of carried interest as income rather than capital (which currently attracts lower tax rates).



Further key proposals that may impact employers and employees include:

- *Non-domicile tax reforms*: Whilst it is clear that legislation in respect of the reforms [announced](#) in the Spring Budget will not be laid before the election, the timing of the election (and knowing which party will be in power) should allow earlier clarity on what the final rules are likely to be and therefore afford employers and individuals more time to plan. Whilst the full technical detail is yet to be outlined by any party, Labour has suggested that, whilst they in the

main support the changes, they may remove or restrict the transitional rules proposed by the Conservatives.

- *VAT on school fees*: Labour has also proposed to remove the exemption from VAT on private school fees. Should this be implemented, this will increase costs for employers who bear the cost of school fees on behalf of employees (note any such VAT cannot be reclaimed by employers on the basis they are not the recipient of the services). This will be further exacerbated where employers bear any income tax and/or National Insurance on behalf of employees.

### Among the other parties

- The Scottish National Party (SNP) is unlikely to support personal tax cuts (having previously called on the UK government to increase taxes on those earning more than £100,000) and may propose the devolution of National Insurance.
- The Green Party wants to reform the tax system to make it fairer and is likely to propose a wealth tax on the “super-rich”.
- Reform UK may propose tax cuts for individuals (by increasing the tax-free Personal Allowance and the threshold at which individuals start paying tax at the higher rate).

## Likely positions on immigration



- The incumbent Conservative Party is likely to focus on immigration policies relating to asylum seekers and refugees. Prime Minister Rishi Sunak will likely come under pressure from migration sceptics in his party to promise to severely cut and perhaps cap migration numbers; that pressure will be counterbalanced by economic arguments for continued flows of skilled workers, students and others to the UK. It remains to be seen where the balance will lie, but at the very least a promise to continue to reduce net migration is likely.



- The opposition Labour Party has not signalled a major overhaul of the UK immigration system but they are likely to say that sponsorship of overseas workers will be contingent on that employer investing in the recruitment or development of local workers. It is not clear how or when this investment could be evidenced. What we do know is that there will be a big emphasis on upskilling the local workforce in key shortage areas, i.e. IT, construction and engineering in particular, and driving out rogue employers who do not adhere to fair pay. We understand that stronger penalties would be introduced for non-compliance, but the detail has not been released. On asylum, they are likely to point to recently announced plans for a new Border Security Command and other measures to help prevent dangerous crossings to the UK (generally talked about in relation to “small boats” carrying potential asylum seekers).

## Among the other parties










It is likely that:

- the SNP will call for more immigration into Scotland;
- the Liberal Democrats Party may build on their traditional and sincere push for a fairer immigration system;
- the Green Party will likely call for a fairer and more humane approach to migration; and
- Reform UK are likely to lead on asylum but may also promise to freeze ‘non-essential’ immigration, instead targeting doctors and a small number of other skill sets.

If you move Indian nationals to the UK, you should also look out for any commitments relating to the UK India Free Trade Agreement. Right now it is shelved, but if negotiations resume and a deal is reached it is likely there will be new flexibilities for people moving to the UK from India for work. That is true for all trade agreements, but likely to be especially so for the UK India arrangements.

# What to say

## Key points to share with colleagues

-  The UK will vote on their next government or coalition government on 4 July.
-  Tax will be an important part of all parties' Manifestos. Any changes may create additional costs and/or administration for our business. Employers should engage with relevant stakeholders now and begin planning for different eventualities.
-  Whilst it doesn't look like direct income tax rises are on the horizon, any change that impacts our peoples' net pay is likely to be emotive. As such, we need a strategy to be ready to deliver clear communication to the business.
-  Most debate in immigration will probably relate to asylum seekers, but there will be implications for work migration too.
-  The Conservatives made severe cuts to work immigration numbers at the beginning of this year and may choose to promise further reductions.
-  We may not know what that means in practice until Manifestos are published, but their main levers to reduce migration are increased skill requirements or tighter rules for the families of workers.
-  We know that the Labour Party will probably link the sponsorship of overseas workers to our recruitment and development of local workers.
-  We would need to evidence how we recruit and develop UK workers, but it is not clear what that evidence process would look like.
-  Some commentators think the Labour Party may need to form a coalition with other centre and left wing parties that will probably have an interest in a regional immigration system, for instance with looser rules outside of London.



# What to do

## At any stage

- Your colleagues in government affairs may have a chance to speak to leading politicians – get in touch if they need reactions to party policies
- You may be asked to brief leadership – we hope this and other resources help, but we can always provide more

## Before the Manifestos are published

- Be ready for questions – our key points to share with colleagues should help
- Get in touch if you have any questions – perhaps unprompted or perhaps in relation to statements made on the campaign trail

## When Manifestos are published

- The Manifestos should be published on party websites, available to the public
- Vialto will brief you too, in client alerts or documents like this one
- You may have or be asked questions, so we will update the key points to share with colleagues when we know more

## When the results are known

- When we know the winner, it will be possible to assess impacts on particular groups of employees or parts of your business
- Your response will be informed by the known/ predicted impact of any particular policies and normally means:
  - Communications to:
    - Leadership, recruiters, HR, the business and impacted employees
  - Population assessments to understand:
    - Impact of promised policies on your current population
    - Impact of promised policies on future employees
    - Specific impacts to VIPs and others who may be exposed by changes to non dom rules
  - Engaging with workforce planning and benefits teams to:
    - Ensure your workforce strategy aligns with any new immigration policies and tax rules
    - Ensure your benefits and rewards sit comfortably alongside any new tax rules

# Who to contact

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