President's page, February 2018

Welcomes

01 February 2018

Developing the tax policy debate

In my President's page for the August 2017 issue of *Tax Adviser*, I talked about how narrow and limited the current public debate about tax policy was and how in practice it was very difficult for any politician to raise even the possibility of really major policy reform. To do so would be a very 'brave' political decision as the focus would immediately be on the 'losers' and there would be no recognition that a discussion over a possible reform of a policy and the question of what government might do with any resulting increase in tax revenue are very different things. Take a possible merger of income tax and national insurance for example. Undoubtedly such a move would be likely to increase tax for many people (especially pensioners) but if the government chose to use the money raised significantly to increase the old age pension, it might not be quite so controversial a move.

As I said in August, I emphasise I am not necessarily saying any such reform would be a good idea. I am merely saying that it should be possible for there to be a proper public debate about the idea and that I think the Institute might be able to play a meaningful role in helping this to take place. As always, we are strictly apolitical so we would not be promoting anything: merely enabling members of the public to have a fuller understanding of the issues. There is some evidence that if one can only get people to consider tax issues over a realistic time frame and in an unbiased way, not only do they understand those issues, but they are prepared to contemplate changes even if they personally might be worse off.

Accordingly, I'm delighted to say that considerable interest has been shown in this broad idea by a wide range of interested parties. Crucially, we have agreed to work closely with the ICAEW and a number of others to facilitate and promote a series of events across the country to see if the concept can work. Indeed, a very similar version of this article appeared on the President's page in the ICAEW's Economia

magazine for February. We will probably start with VAT for a comparatively small representative group in a central location outside London – perhaps in the Midlands – to test the concept as this is a tax everyone pays and consider whether zero rating and exemptions are the best way of ameliorating the regressive nature of the tax. Take zero-rating of children's clothes. As I said in August, whilst this does assist those on lower incomes, it also provides a tax break to people on higher incomes who arguably could afford to pay the tax. An alternative (and possibly better) approach would be to standard rate everything and deal with the regressive consequences through the benefits system as happens elsewhere. More details of this proposal will follow in due course.

The joy of giving awards

One of the most enjoyable things about the privilege of being President is that I get to award people the recognition they deserve. The best example of all are our Awards Ceremonies when the President hands out membership certificates to those who have just joined our Institute after completing their exams. At the same event, I award ADIT certificates to individuals who have passed those exams and some of these recipients travel from far distant countries to attend. All recipients bring their families and the pride in the room is almost tangible!

Similarly, at the President's Lunch in January I was able to give Honorary Fellowships to two outstanding candidates: Professor Michael Devereux, Professor of Business Taxation at Saïd Business School and Paul Johnson, Director of the Institute for Fiscal Studies. However, the high point for me personally was giving the Council Award to Anthony Thomas, whose service has included, amongst other things, past President of both the CIOT and ATT, a past Master of the Worshipful Company and the Chair of our Low Incomes Tax Reform Group for five years. The Council Award is the highest honour our Institute can bestow and is in recognition of outstanding contribution to our Institute and the tax profession. This is only the fifth time this Award has been bestowed and Anthony was an extremely worthy recipient.

Very best wishes to all