Welcome to the July 2019 Technical Newsdesk

Welcomes

01 July 2019

At the time of writing the country is looking for a new Prime Minister, or perhaps more accurately, the Conservative Party is looking for a new leader, who will assume the role of Prime Minister. The CIOT and ATT don't 'do' politics, in that we don't have any bias towards any political party or candidate(s), and so I won't comment here on the merits of any of the candidates' tax proposals (though for more details on what they are see the CIOT blog).

Consultation is key to ensuring that tax proposals 'work' – and in that sense I mean how do they compare to the CIOT's objectives for the tax system (which includes greater simplicity and clarity, greater certainty, legislation that mirrors the policy intentions, etc), or the Treasury Committee's principles for good tax policy (that taxes should be fair, support growth and encourage competition, provide certainty and stability, be practicable; and provide for a coherent tax system). Back in 2011 the government committed to a five-stage consultation framework with the following stages:

- stage 1 – Setting out objectives and identifying options;
- stage 2 – Determining the best option and developing a framework for implementation including detailed policy design;
- stage 3 – Drafting legislation to effect the proposed change;
- stage 4 – Implementing and monitoring the change; and
- stage 5 – Reviewing and evaluating the change.

We would encourage all government policy to follow the above process, whether it flows from announcements during leadership elections, preparation of general election manifestos, or just the 'routine' of tax policy making. So, while announcing objectives or areas of priority helps identify the candidate/government's overall aims, we would prefer to see sufficient room left for manoeuvre through the

consultation process which can, when used properly, highlight the pros and cons of a proposal or idea. Unfortunately, too many tax measures are announced as ‘done deals’, meaning that they are likely to bypass stage 1, and possibly even stage 2. This is unfortunate as it is these early stages of consultation which can identify whether the proposals would indeed ‘work’, and/or whether there are better alternatives to achieve the desired policy outcome.

Members who follow our work will recognise these concerns. They were highlighted in our *Better Budgets* report a couple of years ago and in our assessments of fiscal events, a concern also shared by the Treasury Committee itself.

It is for these reasons that we have decided to look again at the consultation process, looking back over periods since 2011 for examples of good consultation and its benefits, and poor consultation and its consequences, and suggesting recommendations for change. We intend to undertake this project with the support of HMRC (and HMT), and so we will be looking for ‘compelling stories’ that underline the benefits of proper consultation.

In this month’s Technical Newsdesk we report on a number of consultation responses – if only all of them had started at stage 1…