Treasury Committee inquiry ‘An Equal Recovery’: CIOT and LITRG response

General Features

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The CIOT and LITRG jointly responded to the Treasury Committee’s inquiry ‘An Equal Recovery’.

On 29 April, the House of Commons Treasury Committee launched a new inquiry called ‘An Equal Recovery’ (see tinyurl.com/2bzxm2a2). The inquiry is examining the different forms of inequality that have emerged, or that may have been exacerbated, by the coronavirus pandemic, and what HM Treasury can do to mitigate them. The areas of inequality that the inquiry is focusing on are disability, gender, race, regional and levelling up, and intergenerational, including housing.

This was the first piece of technical work which has drawn significant input from the joint Equality, Diversity and Inclusion (EDI) committee, which we set up in October 2020 with the ATT. The committee assists us in ensuring we have clear EDI values that can be demonstrated through our behaviours, actions and operations. Its remit includes not only EDI within our own organisations and the tax profession, but is also starting to consider EDI issues around tax and related policy.

We noted that, as a tax professional body, we do not have the expertise to comment upon all aspects covered by the inquiry. However, our members as tax advisers in professional practices, commercial enterprises, public sector and charities have extensive anecdotal evidence of the impact of the pandemic on their clients and other people they deal with. LITRG also receives feedback from members of the public via its website contact facility, which often includes information on EDI related matters (with older people, disabled people, carers and those with English as a second language sharing their experiences). Our comments were made on this basis and we therefore only answered the questions where we had relevant points to

make. We also noted that the Women and Equalities Committee also has an open inquiry ‘Unequal impact:

Coronavirus (COVID-19) and the impact on people with protected characteristics’. We have not contributed to that inquiry but indicated that there may be some overlap.

We explained that the pandemic has again highlighted the need to address some fundamental aspects of the tax system, such as the ‘three person problem’ (that is the difference between the tax burdens on employment, self-employment and those operating through a company). These imbalances prompt behaviours which have not only affected entitlement to the government’s COVID-19 support, but also the impacts on certain classes of individual, including those on low incomes and with protected characteristics.

The practical operation of the tax system can also be a source of potential discrimination, such as the ability to access and understand guidance on GOV.UK and obtain support or reassurances from HMRC. Some work is currently being undertaken in this area, but a greater focus should be placed on ensuring that HMRC can provide the necessary support to everyone who needs it.
We think that the government could do more to consider the equality, diversity and inclusion impact of its policies, both during their development and following their implementation. There may also be scope for more systematic reviews by the Treasury Committee or the Women and Equalities Committee.

At the time of writing, the Treasury Committee has not published its full response and so in the meantime it is not available on our website. Once it has been published, we will include it on the submissions pages of the CIOT and LITRG websites (www.tax.org.uk/technical/technical-submissions and www.litrg.org.uk/latest-news/submissions).