# Experts debate windfall taxes

Briefings




28 March 2022

Economists and tax advisers differed as to whether a windfall tax should be imposed on oil and gas company profits, in the first CIOT/Institute for Fiscal Studies (IFS) debate of 2022.

Stuart Adam, Senior Research Economist at the IFS, told the online audience that, rather than introducing a windfall tax, North Sea oil and gas could plausibly be taxed at permanently higher rates than they are today.

Chris Sanger, now of EY, was a policy adviser on the 1997 windfall tax on the privatised utilities. That tax had a long lead-in time, he said, so the market had already factored it into the share price of the utilities by the time of the Budget that introduced it. This had helped to avoid ‘contamination of the tax system’ through tax uncertainty driving people and companies to fear future windfall taxes.

Heather Self of Blick Rothenberg said that she objects in principle to windfall taxes unless there are clear one-off circumstances which cannot be dealt with by changes to the general tax rules. Such taxes break a fundamental principle in her mind that companies should be able to make investments based on a clear understanding of what the tax consequences will be.

Michael Jacobs, now a professor at the University of Sheffield, was an adviser to Gordon Brown at the Treasury and 10 Downing Street. He argued that a windfall tax is justifiable because people on low incomes are experiencing a ‘windfall loss’ due to the proportion of their income they spend on energy.

## Our next debate

Our next debate will be on whether the government should introduce an online sales tax. It will be held face to face on the evening of Tuesday 10 May at 10-11 Carlton House Terrace in central London and will also be livestreamed for those who prefer to watch it online. To register, or for information on speakers, see tinyurl.com/OSTMay22