Hodge sets out vision for a ‘responsible tax system’

Briefings



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Giving this year’s CTA Address – the first with an in-person audience since 2019 – Dame Margaret Hodge MP argued that a responsible tax system can restore public trust in the tax system and called on the tax profession to rise to the challenge of promoting better public understanding of tax.

The influential tax campaigner – who will stand down at the next General Election after a nearly 30-year parliamentary career – will be remembered by tax professionals as chair of the House of Commons Public Accounts Committee between 2010 and 2015, at a time when it took a heightened interest in the work of HMRC and the tax affairs of multinational companies.

Acknowledging that the last Labour government (of which she was a member) had failed to tackle tax reform seriously, Hodge described the current tax system as complex, opaque and unequal. She said it was littered with inefficient reliefs, many of which were either uncosted or their benefits unmeasured.

She told the audience that she found it ‘grossly unfair’ that wealth was taxed disproportionally less compared to income. As an alternative to the recent NICs increase, she argued for the equalisation of income and CGT rates so that income from a range of sources, such as rent, property and share gains, was taxed equally.

Hodge also called for stronger action to tackle economic crime, including reform of corporate liability law and the establishment of a joint Commons and Lords committee, modelled on the Joint Intelligence and Security Committee (JISC) of Parliament, to hold HMRC to account. This would be able to look at HMRC papers relating to particular taxpayers in confidence, as the JISC does with security-sensitive papers.

Responding to Dame Margaret’s remarks were John Whiting CBE, the first tax director of the Office of Tax Simplification and current chair of the GAAR panel, and Dan Neidle, founder of Tax Policy Associates, a think-tank dedicated to promoting better understanding of tax.

Whiting said confidence in the tax system was two-way. Not only did it require taxpayers to meet their responsibilities, it also required a tax system accountable to those who use it.

Neidle warned of damaged public faith in the tax system, pointing to the challenges associated with international efforts to tax multinational companies more fairly, and to perceptions of unfairness within the inheritance tax regime that in turn may fuel political desires to abolish the levy.

Image



Watch the address at tinyurl.com/hodge22 or read a fuller report at tinyurl.com/hodge22a