President's page, December 2015

Welcomes

04 December 2015

Tax and politics

The latest CIOT/IFS debate took place on Monday last week at the Royal Society of Arts (RSA) in central London and focused on ‘the politics of tax change’. The topic was inspired by remarks made by politicians of all shades at previous events we have held, where the difficulty of getting changes through (which might be technically sensible) given the constraints of politics, were highlighted. We also had in our minds the frustration felt by so many tax practitioners and economists at the creation of what we see as needless complexity in tax law to achieve particular political outcomes.

So what did we learn? Well, Rupert Harrison, former chief of staff to chancellor George Osborne, told us how the worst combination for a tax change is a split between diffuse winners and concentrated losers. Stewart Wood, former adviser to Gordon Brown, said the Treasury had its own preferences (some might call them biases) in favour of, among other things, low tax rates, broad bases and nothing that might set a dangerous precedent. Jill Rutter, whose past Treasury roles include press secretary to Kenneth Clarke when he was chancellor’s press secretary, argued that it is time to stop exempting the Treasury from the disciplines it expects and imposes on other departments. She reckoned if you cast a lot of tax reliefs as spending bids the Treasury wouldn’t give them the time of day.

All in all, an excellent debate with a range of contributions from the panel and floor. If you want to read more there will be a report in January’s Tax Adviser (and the Institute’s blog) and Jill has also posted her thoughtful remarks.

The process of tax policymaking is a fascinating area and obviously something we put a lot of thought into, given how much work we put into our technical submissions and other input into the process. Frustrating though it may sometimes be when

politics trumps technical considerations, the message from the special advisers was clear – it's the voters you need to win over, not the politicians they elect and can throw out again.

And after all, they reminded us that our process in the UK is pretty decent compared with much of the world. It is clear how it works, most things are consulted on openly, and often results in constructive dialogue and changes to the proposal. Of course there is room for improvement, but my perception is that the technical arguments generally get a fair hearing. And the politics? Well, in the end we should be careful about trashing politics which is, after all, primarily about responding and giving a voice to the needs and wants of the public, even if these are sometimes based on imperfect information.

Bridging the gap

On the day I became President of the CIOT I launched the Bridge the Gap campaign to raise money for the two charities, TaxAid and Tax Help for Older People (TOP), that provide support to those in our society who desperately need help with their tax affairs but are unable to afford it. I have met individuals that these two charities have helped and have seen first-hand how they have transformed the lives of very vulnerable people who have fallen on hard times. Each story is different, but the one recurring theme for me is how people end up in a dire situation with their tax affairs because they are, at that time, having to deal with other, often very tragic events in their lives and their tax affairs simply do not feature on their list of priorities. This is a very worthwhile cause which I hope at this charitable time of year, you would like to support – you can find details of how to make a donation on page 2 of the magazine.

Without the help and skill of these two charities those people would have been unable to get their lives back on track and I am proud of the safety net that they provide and the compassion and understanding they demonstrate on a daily basis.

However, the demand for their services far outstrips supply and between TaxAid and TOP they know there are more than 6,000 people out there whom they simply do not have the resources to help. That is why Bridge the Gap campaign was started, to raise the funds so desperately needed. I was delighted to attend a dinner at the Law Society recently to promote the campaign to the key movers and shakers in the tax world. This is a worthwhile cause which I hope, at this charitable time of year, you

would feel able to support. If you would like any information please do contact me personally; I am happy to explain more.

Season’s greetings

This is the time of year when we start wrapping up presents for our loved ones. At the time of putting this page to bed my mind cannot help wondering what gifts Santa Osborne will be bestowing on us all in the Autumn Statement. Let’s face it, the second Finance Bill this year was full of many new and exciting toys to play with!

May I take this opportunity to wish you all my very best wishes for a peaceful and relaxing holiday season that offers the perfect opportunity to recharge our batteries in time for the January rush.

Merry Christmas and happy new year to you all.