CIOT President's page: Lively tax debates

Welcomes



26 October 2023

October is party conference season, and I was delighted to travel up to Manchester and Liverpool for our Conservative and Labour party conference debates.

We have been doing these events for 10 years now, almost always with the Institute for Fiscal Studies. It’s a partnership that I think works really well. IFS opens the discussion, setting the scene and offering an economist’s view on the issues facing us. Then, a CIOT representative provides a tax practitioner perspective. A party representative also sets out their take on the issue in hand and provides (hopefully) a steer on what they and their party want to do about it. Afterwards, we take questions.

This year, we put forward the following topic for debate: What are the tax and public finance challenges facing the nation at the moment? And what approach should the government – or a future Labour government – take in addressing them?

In my opening remarks as the CIOT representative in Manchester, I decided not to compete with the always insightful Paul Johnson in trying to redesign the tax system. Rather, I focused on the tax gap and how we might make some inroads into reducing it.

As many of you will be aware, avoidance is now actually a relatively small slice of the tax gap. Illegal activity (evasion, criminal attacks and the hidden economy) is a much larger share, but close to half of the gap is due to taxpayer error and carelessness, particularly relating to SMEs. Simplifying the tax system and resourcing HMRC so they can be more responsive to taxpayer needs and queries surely has to be part of tackling that?

It was great to renew acquaintance with Lord Leigh of Hurley and James Murray MP, the Conservative and Labour speakers respectively at our events. Both were also speakers at our parliamentary reception in the summer. Lord Leigh has once again been appointed to chair the House of Lords committee reviewing this year's draft Finance Bill legislation and making recommendations. It is great to have a CTA in this role and we look forward to this autumn's evidence sessions.

Lord Leigh's suggestion at our conference debate that higher rates of council tax could be levied on the most expensive properties was reported in the Telegraph. And Paul Johnson's analysis of the prospects for tax cuts (which he considered 'very remote', in case you were wondering) was featured in the Guardian.

James Murray didn't make the papers with his comments at the Liverpool event – and he'll probably be quite relieved not to have done so. With an election due next year and Labour holding a sizeable lead in the opinion polls, his job as Shadow Financial Secretary to the Treasury is to support Keir Starmer and Rachel Reeves, staying solidly on message and not creating any unexpected headlines. This he did impressively.

We have sometimes been able to livestream previous events so those not at the conferences can watch live and submit questions. Unfortunately, for reasons of cost and logistics (limited internet capacity) we weren't able to do so this year. But both events were recorded and you can watch them on the CIOT's YouTube channel (tinyurl.com/CIOT-YouTube).

CIOT holds these events and engages with politicians and their advisers more generally in pursuit of our objectives to promote debate on tax and inform the tax

policy process. While formal government consultations and forums are obviously the main way in which we do this, we shouldn’t lose sight of the fact that much tax policy formation takes place outside government, especially (though not only) by opposition parties and especially in the run up to an election. On most issues, it is well beyond our remit to try to tell them what to put in their manifestos, but we can at least aim to make sure that their deliberations are informed by the knowledge and practical insight of the tax profession.

On a personal level, I enjoyed my involvement at both events and found the cut and thrust of the political party conference season to be particularly interesting. I’d also like to thank everyone at CIOT head office who helped make the events a success, particularly George Crozier and, of course, Ellen Milner, who was our representative speaker at the Labour conference event, which I chaired.