Debate: Tax priorities for the new parliament

Briefings



21 August 2024

The general election is over and a new government in place. What does this mean for tax policy?

Just 12 days after the election, on 16 July, the eve of the King's Speech, CIOT and the Institute for Fiscal Studies assembled an online panel to consider tax policies for the new parliament.

CIOT President Charlotte Barbour chaired the debate and highlighted several changes proposed by the new Labour government, including proposals affecting non-doms, private schools and the private equity industry. She then posed a broader question: should the government consider a more comprehensive approach to the design, management and operation of the tax system?

Yes, answered Helen Miller, IFS Deputy Director, saying tax reform is a crucial tool for fostering a better growing economy. She acknowledged that implementing

reforms is challenging politically, but identified two areas where she believes the Labour government could make a change: replacing business rates with a land value tax would encourage investment and capital reallocation, while redesigning capital gains tax, fixing the base and aligning rates, would bring broad benefits and support economic growth, she argued.

Alice Jeffries, Head of Tax Policy at the CBI, said that the first big call from businesses is to minimise changes to the tax system, allowing current rates and reliefs to bed in. However, she suggested three strategic areas for change: net zero; business support for local communities; and labour market activation. Also, businesses would like HMRC customer service to improve in four key ways: clarity on applying the tax system; more use of pre-emptive processes; better data handling; and better co-ordinated digital systems.

Polly Toynbee, veteran columnist at The Guardian, is optimistic that Rachel Reeves is a serious reformer at heart. She suggested pension tax relief as an area for government reform, saying that the current system is ‘very unfair’. She agreed with Helen on the introduction of land value tax, and argued that NICs should be aligned with income tax, or at least applied to every form of income.

Richard Wild, CIOT’s Head of Tax Technical, focused on two main themes: improvements to the tax policy process and helping people get their tax right. He urged the government to recommit to all five stages of the tax consultation framework and to ensure policy costings genuinely capture the true costs. He also said that poor service levels affect businesses, trust in the tax system and damage attitudes to compliance.

Read our full report on the debate (with links to a recording and to the speakers’ slides) at tax.org.uk/ciot-ifs-debate-July-2024