

Welcome to the August Technical Newsdesk

30 July 2021

Readers of our submissions will know that we are keen that tax policy development follows the five stages of the tax consultation framework (see tinyurl.com/p2msut9h).

Whilst the framework is now ten years old, the government reaffirmed its commitment to these principles of policy making in December 2017 (see tinyurl.com/jry8c4hb). Our submissions will typically reference the framework when stage 1 – ‘Setting out objectives and identifying options’ – has been missed. This is because too many consultations start at stage 2 – ‘Determining the best option and developing a framework for implementation including detailed policy design’ – missing the opportunity for bigger picture thinking; and instead simply focusing on the implementation of an already decided policy.

As importantly, adequate attention is rarely given to the final stage (stage 5) of the framework – ‘Reviewing and evaluating the change’. Is the measure operating as intended? Is the revenue estimate accurate? What are the costs of compliance? Are these in line with those estimated in the impact assessment? Often, these seem to go unanswered.

In general, we believe that inadequate post-implementation work is being undertaken by the government, which typically moves onto the next policy rather than looking back to judge the efficacy of previous ones. However, some post-implementation work is being undertaken by HMRC as part of their programme of research (see tinyurl.com/9c9jy5b8). Not all of this work falls within stage 5 of the tax consultation framework, and many research projects look at perceptions of HMRC and the behavioural impacts of process changes. Indeed, this topic for my introduction was prompted by HMRC’s publication of research into taxpayers’ behaviour when confronted with new prompts prior to submitting their VAT or Self-Assessment returns (see tinyurl.com/4btrwh24 and tinyurl.com/22hscb7b).

HMRC’s research programme for 2021/22 can be found at tinyurl.com/wtz97zwn and previous reports can be viewed at tinyurl.com/76fxzdku. For 2021/22, as well as the usual annual customer surveys, there are some projects which, arguably, fall within stage 5 of the framework, including research around the non-resident SDLT surcharge, the off-payroll reforms in the public and private sectors, and Making Tax Digital for VAT. The programme is quite wide-ranging, with something to pique everyone’s interest.

Those of us who are naturally a little circumspect might wonder how objective the research is (I think it is); whether it is statistically reliable (often only a small number of interviews take place); and how influential the output from these research reports is (the jury is out, perhaps). However, in a world where post-implementation reviews are sparse, they provide welcome insight. One area for potential improvement is the timeliness of their publication.

The two reports mentioned above were published in July 2021, yet the VAT report was dated June 2019 and the Self-Assessment report March 2017! Lengthy delays in publication make the findings of the reports less useful, particularly if they evaluate part of a longer term policy, meaning that external bodies like ourselves are less well informed. The conspiracy theorist in me might think that these delays are deliberate, but as they do not only apply to reports where the findings might be considered less favourable of the policy or measure, I will direct my scepticism elsewhere.