

February 28, 2020

Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer

Dear Chancellor,  
Congratulations on your appointment.

You now have the opportunity to take a new approach to making tax policy. The UK needs a tax system formed through a considered strategy which reduces the burdens of compliance on business and can become a source of competitive advantage for the UK.

One of your predecessors – by choosing to hold just a single fiscal event each year in normal times – took one step towards tackling the confusion and burden on businesses and individuals created by the proliferation of tax measures over the previous two decades. We strongly encouraged this step, which brought the UK into line with near universal international practice.

But more can be done, as we set out in our *Better Budgets* report in 2017.

We ask you to:

- Maintain the Government's commitment to holding just a **single principal annual fiscal event** (Budget or similar). Reducing the frequency of changes of direction can release resources for more considered policymaking, more proactive consultation, production of higher quality legislation and more effective implementation.
- Take a strategic approach to tax policy, setting out **clear guiding principles and objectives** you intend to follow. Making a statement early in the new Parliament to spell out your priorities for, and approach to, the tax system (while retaining some flexibility to respond to events) would help to promote stability and predictability and help to guide external contributions to the tax policy debate.
- **Extend the road-map approach to tax policy-making.** The Corporate Tax Road Map, produced in 2010, was a product of open and transparent consultation with business and set out a clear plan of engagement so that business and other interested parties could input at each stage of policy development. This road map was very well received (though its 2016 successor, the Business Tax Road Map, was less useful as it set out less of the reasoning behind plans and looked less far into the future). This approach could be applied more widely to set out the direction of travel and future reform for areas or themes of the tax system – such as the tax treatment of savings and pensions, environmental taxes, property taxation and corporate

taxes – and form the basis for better consultation and scrutiny. Good road maps should follow a set of key principles to make them useful, which we set out in our report.

- Prioritise **full, open and early consultation** on tax reforms. Too many consultations have begun when key decisions have already been made, shutting off potentially better options to achieve the same goal. There has been a welcome increase in the number of ‘calls for evidence’ on tax matters in the last couple of years but there is room to go further.
- Carry out **more systematic evaluation of tax measures**, including tax reliefs. There needs to be effective, routine post-legislative review of whether tax measures are achieving their objectives at acceptable cost. Public spending programmes are regularly subjected to tests of their value for money; tax reliefs should be held to the same standards. The National Audit Office’s recent report, *The Management of Tax Expenditures*, identifies some ways in which the £155 billion (2018-19) of tax expenditures could be better scrutinised for value for money, including drawing on lessons from other countries which have a more rigorous approach than the UK in this area.

The Government’s commitment to competitiveness and openness to global trade and investment is welcome. This will require businesses and other investors to have confidence and certainty. We believe that the measures set out above, by bringing stability, clear focus and strategy in relation to the tax system, would help deliver that certainty and the economic benefits that come with it.

We attach a copy of the full Better Budgets report.

We would be very happy to meet you to discuss these further opportunities for reform.

Yours sincerely,



Glyn Fullelove  
President, CIOT



Paul Johnson  
Director, IFS



Bronwen Maddox  
Director, IfG