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BRIEFING PAPER

Number 813, 4 March 2021

The Budget and the annual Finance Bill

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Each year the Chancellor of the Exchequer presents the Budget, which contains all the tax measures for the year ahead. Traditionally the Budget has been in March, prior to the start of the tax year on 6 April. The statutory provisions to give effect to these tax measures are set out in a single Bill: the annual Finance Bill. This paper sets out the way that Parliament debates the Budget and scrutinises the Finance Bill, and how this procedure can be affected by the timing of a General Election.

In 2011 the Coalition Government reformed the Parliamentary timetable, moving the Queen's Speech and the beginning of the annual session to the spring. In turn provision was made to allow for the Finance Bill to be carried over from one session to the next to ensure that this did not substantially reduce the amount of time available for its scrutiny.

It has been the practice in recent years for Chancellors to make tax announcements twice a year, using the Pre-Budget Report or Autumn Statement as a second fiscal event. In his Autumn Statement in November 2016 the then Chancellor Philip Hammond announced that from autumn 2017 the Government would present a single autumn Budget, to allow for greater Parliamentary scrutiny of Budget measures ahead of their implementation.

Mr Hammond presented the last Spring Budget on 8 March 2017, and the first Autumn Budget on 22 November 2017. Following this, the Government published details of a revised annual Budget timetable for policy announcements, consultations, and the passage of legislation. As this explained, "under the new cycle of a single fiscal event each year, most tax policies will continue to be developed through an established cycle, whereby a policy announcement at the Budget is followed by a policy consultation, the publishing of draft legislation, and proposals are finally legislated in the next Finance Bill. However, to reflect the move of the Budget from spring to autumn, the timing of this cycle will change. Policies will be announced at the Budget in the autumn, and consulted on in winter and over the spring. Draft legislation will then be published in July for technical consultation ahead of the Finance Bill being introduced in the autumn."[1]

Over the last two years this timetable has been affected by the timing of the 2019 General Election and the Covid-19 pandemic. In the first case the 2019 Budget, planned for 6 November, was deferred to 11 March 2020.[2] In the second case, the Chancellor's presentation of three economic statements over 2020, resulted in the Autumn Budget being postponed to 3 March 2021.[3] The Library has two papers discussing the context to the 2021 Budget and giving a summary of its contents.[4]

Although the Chancellor may often mention public spending in his Budget speech, the procedure by which Parliament scrutinises and approves of government expenditure is quite separate and is not discussed in this paper.[5] Other Library papers provide a checklist of Budgets since 2010 with a list of recommended reading on tax policy,[6] and a longer historical list of Budgets and Finance Bills since 1968.[7]

1 HM Treasury, *The new Budget timetable and the tax policy making process*, 6 December 2017
2 HC Deb 11 March 2020 cc278-293
3 HC Deb 3 March 2021 cc251-262
4 *Spring Budget 2021: Background briefing*, CBP9136, 25 February 2021; *Spring Budget 2021: a summary*, CBP9154, 3 March 2021.
5 For more details see, Scrutiny Unit, *Financial scrutiny uncovered*, 3rd ed. July 2017; *Public Spending: a brief introduction*, Commons Briefing paper CBP8046, 16 October 2020.
6 *Key documents: taxation*, CBP4680, 4 March 2021
7 *Budget debates and finance bills since 1968*, CBP2271, 5 June 2020

1. The Budget

Budget day. The Chancellor is photographed outside No.11 Downing Street, holding up the red Budget box. Inside, the Budget speech. The speech sets out all the major changes in taxation that are proposed for the coming year, to be contained in that year's Finance Act. This is delivered just as other government statements, around 12.30pm. Generally the speech takes about an hour.

As soon as the Chancellor has finished the Budget statement, proposals for tax changes and tax continuations - rather than new taxes - may come into effect immediately; for example, often changes in the rates of excise duty on alcohol and tobacco take effect from 6pm on Budget day. These proposals must be validated by a single motion - a Provisional Collection of Taxes motion, as it is known - approved after the Budget speech. For example, in the case of the 2016 Budget on 16 March, the motion allowed for new rates of duty on tobacco products to take effect from 6pm that day; it also allowed for changes to stamp duty land tax to take effect from 17 March, and new rates of duty on some categories of alcoholic drink from 21 March.[8]

In addition, within ten sitting days Parliament must approve a series of individual Ways and Means Resolutions. These resolutions are needed for each provision imposing a new tax, renewing an annual tax, increasing or widening the burden of an existing tax, or for other provisions that need to be in operation before the Finance Bill is enacted. Generally the House will divide on a selection of these resolutions, reflecting the major or most controversial aspects of the Budget.[9] The Finance Bill is required to give *permanent* legal effect to the resolutions, and is generally presented the same day, although printing the Bill may take two to three weeks.

This procedure is established under the *Provisional Collection of Taxes Act (PCTA) 1968*, which provides the necessary *interim* authority for taxes to be collected by the tax authorities. The original wording of the Act specified that, for resolutions introduced in February or March of a given year, this authority would expire by 5 August. In effect, the Government has had to introduce the Finance Bill and have it passed by Parliament within this five month deadline. The Act provided a similar deadline for resolutions passed at a different point in the session. In the most unlikely event of the Government missing this deadline, the Exchequer would have to return to taxpayers all revenues collected under this temporary authority. This is not quite the same as the Government being forced to 'close down', as some might think – in part because the Finance Bill places no restrictions on the Government's ability to raise finance through debt, rather than taxation.

Statutory provision for this interim authority to collect taxes has been in place since 1913, when the Government of the day was required to introduce the forerunner to the 1968 Act, in the wake of a legal challenge.[10] The plaintiff, Thomas Gibson Bowles, was successful in suing the Bank of England for declarations that income tax could not be deducted by virtue of a budget resolution alone, and until such tax had been imposed by Act of Parliament he was not required to pay it.[11]

8 HC Deb 16 March 2016 c968. HM Treasury, *Notes on Finance Bill 2016 resolutions*, March 2016
9 Following the 2016 Budget there were 69 Ways and Means resolutions; the House voted on 4 of them (HC Deb 22 March 2016 cc1485-1539).
10 Select Committee on Procedure, *Fourth report of 1966-67 Session: The Finance Bill*, HC382
11 Jowell & Oliver, *The Changing Constitution*, sixth edition, 2007 p369, fn32. See also, Joseph Jaconelli, "The "Bowles Act" - cornerstone of the fiscal constitution", *Cambridge Law Journal*, vol 69(3), 2010.

Both income tax and corporation tax are annual taxes; the authority to levy them expires at the end of the tax year. So, each year the Ways and Means Resolutions will include resolutions providing for these taxes to be charged for the new tax year. By contrast, VAT and excise duties are imposed by permanent Acts. The Exchequer would still be entitled to collect these taxes – though without any new changes in their scope or structure – even if the Finance Act for the year was not passed.

These provisions require that the annual Finance Bill must have its Second Reading within 30 sitting days of the resolution, though a prorogation or dissolution invalidates the resolution.[12] Four or five weeks may lapse between the date of the Budget and the Second Reading, but there is nothing to prevent it taking place immediately.[13]

In September 2010 the Coalition Government announced that in future parliamentary sessions would run from spring to spring as part of a wider reform to establish fixed-term Parliaments.[14] It was anticipated that parliamentary sessions would now end no later than the end of May each year. Provision to amend *PCTA* was made, to allow Budget resolutions to remain in effect after prorogation: this would be subject to the Bill on which these resolutions are based being carried over and reintroduced within a set time period.[15] This is discussed in more detail in section 4 of this note.

Generally the Budget debate which follows the Chancellor's Budget speech takes place over four days. The debates themselves are quite wide-ranging, with each day focused on a given topic: for example, trade & industry; education; social security. Formally, the debate is on the first of the Budget Resolutions - an "amendment of the law" resolution which restricts the scope of discussion on the Bill and the subject of any amendments which may be made to it: notably amendments seeking to zero-rate or otherwise provide relief from VAT for particular classes of goods and services. Without this, it is easy to see the Bill's progress could be obstructed by the sheer number of amendments Members might wish to table. In the case of the Spring 2017 Budget, the resolution was worded as follows:[16]

> **Amendment of the Law**
>
> Motion made, and Question proposed,
>
> That,
>
> (1) It is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.
>
> (2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—
>
> (a) for zero-rating or exempting a supply, acquisition or importation;
>
> (b) for refunding an amount of tax;
>
> (c) for any relief, other than a relief that—
>
> (i) so far as it is applicable to goods, applies to goods of every description, and
>
> (ii) so far as it is applicable to services, applies to services of every description.

Erskine May, the standard guide to Parliamentary procedure, explains that the House may only table amendments to the first of the Budget resolutions proposed:

12 under ss 4 & 5 *PCTA 1968*
13 eg, the 2008 Budget was on 12 March, and the second reading of the Finance Bill was on 21 April.
14 HC Deb 13 September 2010 cc33-4WS
15 HMRC, *PCTA - amendments to section 1: tax information & impact note*, 23 March 2011. Section 1(3) of *PCTA 1968* now specifies that a resolution expires seven months after the date on which it was to take effect, or, if no date is specified, seven months after the date on which the resolution was passed.
16 HC Deb 8 March 2017 c823

> The scope of debate in respect of the Budget resolutions, on which the Finance Bill is introduced, differs from that for other debates on Ways and Means resolutions since the House must be at liberty to consider the resolutions proposed by the Chancellor of the Exchequer as forming, together with existing taxation, a complete scheme of revenue to be debated as a whole; and must also be at liberty to consider expenditure in its relation to the burden of providing the necessary revenue. A general debate, which is on the broadest lines, is accordingly allowed, covering all these matters and comprising all the Ways and Means and any Money or procedure resolutions required to authorise the provisions of the resulting Finance Bill. The debate takes place upon the first resolution proposed—which has generally been the general resolution providing for the amendment of the fiscal law.[17]
>
> It usually begins with a speech from the Leader of the Opposition, and during that speech and the speech by the spokesperson for the second largest opposition party interventions are not taken.[18] The debate is generally held over four days, at the end of which the question is put on the first resolution, and then under Standing Order No 51(3) the questions are put forthwith upon all the resolutions upon which the bill is to be brought in.[19] The consequences of this procedure are, on the one hand, to permit mature consideration of the Budget resolutions (which by their nature must be secret until the financial statement is made) before the House is required to pronounce upon them, but, on the other hand, to prevent individual consideration of the resolutions and to deny the opportunity of amending any of the resolutions save the first.[20]

Erksine May goes on to note that "on occasions, the 'Amendment of the law' resolution has not been included among the Budget resolutions:

> This has most commonly been the case when a dissolution is anticipated,[21] but is has also applied after second or additional Budgets of the year following a General Election,[22] when Ways and Means resolutions to serve as founding resolutions for a Finance Bill have not followed a Budget,[23] and in other circumstances following the November 2017 and October 2018 Budgets.[24]
>
> In any such case, the first Budget resolution serves as the basis for debate in the same way as would the Amendment of the Law resolution if that were the first resolution. The first Budget resolution remains the only resolution to which amendments can be proposed.[25] In such instances, the scope for amendment of the bill is strictly limited to what is authorised by the specific resolutions on which the bill is founded. [26]

The Government's decision not to include an Amendment of the Law Resolution in the last two Budgets is discussed in more detail in the last section of this paper.

In December 1994 the House voted to *amend* the Amendment of the Law resolution, following the debates on the Budget on 29 November 1994. The then Conservative Government had intended increasing the rate of VAT on domestic supplies of fuel & power from 8% to the standard rate – which was then 17½%. However, there proved to be sufficient back bench support to force the Government to freeze the rate at 8%.[27] On this

17 In 1929, the resolution for the repeal of the tea duty was used for this purpose, CJ (1928–29) 211; in the first Budget of 1974/75 the resolution for the capital transfer tax, ibid (1974–75) 60; in the first Budget of 1997/98 the resolution for the windfall tax, ibid (1997–98) 87; in the Budget of June 2010 the resolution for the rates of capital gains tax, ibid (2010–12) 46; and in the Budgets of November 2017 and October 2018 the resolution for income tax (charge), Votes and Proceedings, 22 November 2017 and 29 October 2018.
18 HC Deb (8 July 2015) 598, cc 321, 348; ibid (22 November 2017) 631, cc 1046, 1071.
19 For example, Votes and Proceedings, 28 November 2017.
20 25th edition 2019 para 36.34
21 CJ (1944–45) 138; ibid (1954–55) 133; ibid (1978–79) 271–72
22 CJ (1997–98) 92; ibid (2010–12) 46
23 CJ (1974–75) 65; Votes and Proceedings, 6 September 2017
24 Votes and Proceedings, 22 November 2017 and 29 October 2018
25 See, for example, Votes and Proceedings, 1 November 2018
26 25th edition 2019 para 36.38
27 Subsequently the Labour Government cut the rate of VAT to 5% after the 1997 General Election.

occasion the House approved a reworded resolution which read, "this Resolution does not extend to the making of any amendment with respect to value added tax *other than in respect of value added tax on fuel and power for domestic or charity use.*"[28] To recoup the lost revenue the then Chancellor, Kenneth Clarke, announced increases in duty rates on alcohol, tobacco and road fuel with effect from 1 January 1995 – presenting a series of new Ways and Means Resolutions to this effect.[29]

Traditionally the Budget has been in March or April. From 1993 to 1996 the then Conservative Government presented the Budget in November, combining it with the Autumn Statement, which set out its spending plans for the next three years. The first 'Unified Budget' was given by the then Chancellor, Kenneth Clarke, on 30 November 1993.[30] This timetable was upset by the General Election on 1 May 1997, and the new Labour Government's wish to introduce a number of substantive tax changes immediately. The then Chancellor, Gordon Brown, presented the Government's first Budget on 2 July 1997, and a second Finance Act was introduced that year.

Following this, the Labour Government reverted to having a Budget in the spring – usually in March – with a pre-Budget statement in the autumn. In 2009 the timing of the G20 meeting in London in early April resulted in the Government delaying the Budget until after the Easter recess to 22 April. Gordon Brown announced the date during Treasury Questions in February.[31] In answer to a PQ about the determination of Budget day some years before, Mr Brown had stated, "a number of factors are taken into account in deciding the date of the Budget. These include the availability of economic data; international meetings; the timetable for developing budgetary policy and national events including public holidays"[32]

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28 *Emphasis added.* HC Deb 6 December 1994 c247. This two-stage increase in VAT had been announced in the March 1993 Budget by the then Chancellor Norman Lamont (HC Deb 16 March 1993 cc183-4).
29 HC Deb 8 December 1994 cc473-6; HC Deb 13 December 1994 cc875-893
30 HC Deb 30 November 1993 cc919-939
31 HC Deb 12 February 2009 c1508
32 HC Deb 20 January 1998 c475W

2. The Finance Bill

As with all other Bills the scope of the Finance Bill is set out in its long title. This is usually in the of form: "a Bill to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Finance, and to make further provision in connection with finance." As a result the Bill can *only* include provisions relating to the imposition and alteration of taxes to raise money for financing central government *as a whole*. It cannot – for example – include any provision to impose a charge to finance other bodies in the public sector (such as local authorities), or to authorise borrowing, or include any provision to impose a charge for a *specified* expenditure purpose.

A Finance Bill would be regarded as exceeding its proper scope if it imposed a tax which was not to be charged until after the close of the current financial year. To avoid this limitation, the Government may present one or more Procedure Resolutions, if the Bill is going to contain provisions of this type. These may be considered at the same time as Ways and Means Resolutions. Similarly the Government may also present one or more Money Resolutions, to authorise the expenditure of public money, as opposed to raising money for public purposes. Following the 2016 Budget, the Government presented two Procedure Resolutions with respect to future taxation and one Money Resolution, which were agreed following the votes on the Ways and Means Resolutions.[33]

Following the publication of the Finance Bill, and its Second Reading on the floor of the House, it is scrutinised, clause by clause, by Committee. The more controversial, important or novel provisions are dealt with in Committee of the Whole House, held in the Chamber, which all Members can attend, usually over two days. These clauses will be just a small proportion of all those in the Bill. The remaining clauses are debated in Public Bill Committee, after which the Bill passes back to the House for its Report Stage and Third Reading: the procedure is the same as for any Public Bill. This procedure has been standard practice since 1969. Before then the Bill was committed wholly to a committee of the whole House, and in 1968 the Government had the whole Bill committed to a Standing Committee. Opposition to this decision was such that the Government was forced to use a guillotine that year to pass the Bill, and adopt the current compromise.[34]

In parliamentary jargon, a Bill whose primary purpose is to levy taxes or authorise expenditure is a 'bill of aids and supplies'. Since the 17th century the Lords has respected the Commons' sole right to initiate and amend any such Bill, so that scrutiny of tax legislation in the Lords is a purely formal affair. Once the Bill has passed from the Commons, the Lords cannot amend it: the Lords will have a debate on its Second Reading, but will not debate the Bill clause by clause – and its remaining stages will go through on the nod.

Erskine May notes that "in former times, the Commons abused their right to grant Supply without interference from the Lords, by tacking to bills of aids and supplies provisions which, in a bill that the Lords had no right to amend, must either have been accepted by them unconsidered, or have cause the rejection of a measure necessary for the public service."[35] Although "respect for constitutional practice" has meant that governments have avoided 'tacking' in modern times, occasionally a Finance Bill may contain measures not essentially connected with national finance. In these cases, a Procedure Resolution would be moved to allow for this, though, as *Erskine May* comments, "such resolutions are not permitted in

33 HC Deb 22 March 2016 cc1539-42
34 *Griffith & Ryle on Parliament, Functions and Procedures*, 2nd ed 2003 p360
35 25th edition 2019 para 37.17

respect of matters which are so far removed from central finance as to make their inclusion in the Finance Bill indefensible."[36]

It may be helpful to give an example of how procedural rules affect the time line for the Bill. Following the 2016 Budget on 16 March, the Finance Bill was presented on 22 March. The Bill was composed of 179 clauses and 25 schedules; divided into 2 volumes, the Bill had 571 pages. The Bill had its Second Reading on 11 April, and at the conclusion of the debate the House agreed a motion for the Bill to be carried over into the new session. A series of clauses were debated by the Committee of the Whole House on 27 & 28 June. The remainder of the Bill was scrutinised over 6 sittings of Public Bill Committee from 30 June to 7 July. The remaining stages of the Bill in the Commons took place on 5 & 6 September, after which it passed to the Lords. The Bill's Second and Third Readings were on 13 September, and the Bill received Royal Assent on 15 September.

In recent years there has been considerable criticism of the standard of scrutiny given to the Finance Bill; some suggestions for further reading are given at the end of this note. Many tax professionals have argued that the highly technical nature of much tax law should be acknowledged by splitting the Bill in two: a short, annual Bill with the necessary changes for that year, and a technical Bill, running to a different timetable, allowing much more consultation and amendment. A related criticism has been that the procedure established by the *Provisional Collection of Taxes Act* gives the Treasury an opportunity afforded no other government department to push through legislation – and that this has been one factor in the current length - and complexity - of the Taxes Acts.

In March 2010 the BBC's Parliamentary correspondent, Mark D'Arcy, summarised the process as follows:

> For a body that once fought a civil war, and beheaded a king, over the right to control taxation, the Commons has a very strange way of handling the Budget. After weeks of purdah, in which the proposals for changes in taxation and spending, and all the forecasts and projections are held in strictest secrecy (and only revealed to a select handful of Sunday newspaper journalists) the whole package is unveiled with a great flourish, in a theatrical Commons extravaganza.
>
> It is then ritually denounced by an Opposition leader who will have had minimal opportunity to think about its contents, and then everyone heads for the bars as the Lib Dem leader gets up to give his party's views. A four day debate, during which the chamber is largely empty, then follows. Up on the committee corridor, the Treasury Select Committee holds hearings with the Chancellor, independent economists and tax experts, and Treasury officials, before rushing out a report. And later, a wholly separate Public Bill Committee will process the Finance Bill, which gives legal effect to the tax changes made in the Budget.
>
> Once, every thousand years or so, this process results in some change to the Budget - although governments do bring in amendments of their own, where something needs tidying up, or where a particular aspect of the Budget proves more troublesome than expected. The classic example is the fabled Rooker-Wise amendment in 1977, when, with a little help from Nigel Lawson, Labour MPs Jeff Rooker and Audrey Wise index-linked tax thresholds, against the wishes of the then-Chancellor Denis Healey. But most of the time the Finance Bill Committee is little more than a ritual.[37]

[36] 25th edition 2019 para 36.39. For example, one of the five Procedure Resolutions agreed for the *Finance Bill* in 2016 was "notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain provision for tax credits to be paid to orchestral concert production companies in respect of expenditure on orchestral concert production activities" (HC Deb 22 March 2016 c1541).

[37] "Budget scrutiny", *BBC News*, 26 March 2010

The Tax Law Review Committee (TLRC) was set up by the Institute for Fiscal Studies in autumn 1994, to "keep under review the state and operation of tax law in the UK", and, in a 2003 paper on parliamentary scrutiny, commented:

> The truth of the matter is that the House of Commons has neither the time nor the expertise nor, apparently, the inclination to undertake any systematic or effective examination of whatever tax rules the government of the day places before it for its approval. The irony of the Commons' failure is that, because current constitutional arrangements allow the House of Lords no participatory role in the scrutiny of tax legislation, taxation legislation receives less Parliamentary scrutiny than other legislation. The criticism of Parliament implicit in this statement is not new. Parliament has rarely attracted praise for its role in enacting tax legislation.[38] The longevity of this problem, however, is no reason for the continuing failure to address it.[39]

Some of these concerns were met by the 'Tax Law Rewrite Project', which, over a 14 year period, rewrote the UK's existing primary direct tax legislation to make it clearer and easier to use. The Project was established in 1996 and was formally completed in April 2010, with the passage of two final rewrite Acts: income tax and corporation tax law are now contained in seven rewrite Acts and one set of accompanying regulations.[40]

In rewriting the law, the Project did not seek to change the *effect* of legislation in any significant way. As a consequence rewrite Bills were subject to a streamlined procedure for Parliamentary scrutiny.[41] For some commentators this was a fatal flaw. Writing in 2008 the late Lord Howe, Conservative Chancellor during the Thatcher Government, who was directly involved in the Rewrite Project, argued that "in spite of the undoubted success of [the TLR project], it has by necessity left the substance of tax law untouched, and as a result has not been able to stem the rapid increase in complexity that we have witnessed in recent years."[42]

Writing in the Institute for Fiscal Studies' 2008 *Green Budget*, Malcolm Gammie noted the rewrite "uses simpler language but at much greater length and without resolving any of the underlying complexity in the legislation":

> The Tax Law Rewrite has demonstrated that there is more to simplification than just replacing concise technical legal language with more voluminous 'plain English'. As an element of the tax system, there are undeniable benefits in ensuring that the legislation is written in a more accessible form, even though the overall benefits of doing so may be relatively limited and offset by the greater volume. The majority of complexity, however, surrounds the concepts upon which the legislation is built, the structure the system adopts in terms of tax rates and taxable units, and the extent to which the government chooses to use the tax system to achieve particular policy objectives.
>
> Within this matrix, some taxes are conceptually difficult – for example, taxes on savings and taxes on profits – while others are conceptually simple but may have features that make them administratively difficult – as, for example, aspects of VAT, PAYE and NICs. [Three illustrations of simplifying legislation discussed above] – buildings allowances, capital gains and financial avoidance – fall into the first category of conceptually difficult taxes. In each case, simplification requires some compromise with what would be ideal because what is ideal is likely to be more complex rather than simpler.

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38 Among the best-known modern criticism of Parliament's role in the process was Lord Howe's lecture to the Addington Society in 1977 in which he noted in opening that 'the archaic ritual by which Parliament decides how this [i.e. imposing taxation] shall be done is about as appropriate to a modern industrial democracy as tally sticks to the international money market.' (Howe, Reform of Taxation Machinery [1977] British Tax Review 97–104.)

39 IFS, *Making tax law: report of a working party on the institutional processes for the parliamentary scrutiny of tax proposals and for the enactment of tax legislation*, March 2003 p5.

40 For details see, *Tax Law Rewrite : the final Bills*, Commons Briefing paper SN5239, 21 April 2016.

41 In brief, they were introduced in the House of Commons, referred to a Second Reading Committee, and then to a joint Committee of both Houses.

42 "Why we must change the way tax law is made", *Financial Times*, 3 July 2008

> At the same time, the choice of tax rates and taxable units – for example, the family or the individual, a single company or a group – can have a profound effect on the relative complexity of any tax. A value added tax that distinguishes many different products and services and taxes them at different rates is likely to be more complex than one that adopts a single rate. A tax system that taxes individuals but pays tax credits to families is liable to be more complex than one where both elements of the system are based on the same unit of assessment. In this respect, the government's income shifting proposals for small businesses are unlikely to simplify the taxation affairs of those businesses.

Mr Gammie went on to argue that "simplification is difficult to achieve without more fundamental consideration of tax bases and tax structures and that 'simplification' measures are often just one piece of a complex jigsaw that comprises the tax system":

> Experience suggests that 'simplification' is easily espoused but is rarely achieved with any lasting success. The lesson is that simplification is difficult to achieve without more fundamental consideration of tax bases and tax structures and that 'simplification' measures are often just one piece of a complex jigsaw that comprises the tax system. Solving the issue of complexity requires that we recognise what is complex and why and concentrate on what can sensibly be done about it. In this respect, the government's approach of identifying particular elements of the tax system for review is a start. At the end of the day, however, government must be clear as to what its policy goals are. We can then see whether its goals are complicated – possibly too complicated – or just its methods.[43]

In its first Budget in June 2010, the new Coalition Government published a paper on the making of tax policy, with a number of proposals to meet some of these criticisms including publishing much more of the annual Finance Bill in draft several months before the Budget, establishing a new Office of Tax Simplification to provide independent advice on simplifying the UK tax system, and inviting the Treasury Committee to review "how to strengthen the role of Parliament in scrutinising tax legislation."[44] In December 2010 the Treasury published a majority of the clauses to form the *Finance Bill 2011* in draft, and in March 2011 the Office of Tax Simplification published work on tax reliefs and the taxation of small business.[45] The Treasury Committee welcomed these developments in a report on tax policy in March 2011.[46] Over the next four years the Coalition Government maintained this approach.[47] Its Conservative successor has done the same,[48] and in 2016 established the Office of Tax Simplification on a permanent basis.[49]

In July 2002 the Lords Procedure Committee suggested a special ad hoc Committee of peers should be able to consider the Finance Bill. The scope of an inquiry would not infringe the Commons' financial privileges as the Committee would be specifically prohibited from considering the incidence or rates of tax; rather, the Committee would address technical issues of tax administration and whether the legislation could be clarified or simplified. The first of these reports was published in 2003,[50] and the Select Committee on Economic Affairs continued to publish reports, timed to come out before the Report stage of the Finance Bill in the Commons.

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43 IFS, *Green Budget 2008*, January 2008 pp 260, 266-7. See also, Paul Johnson, "Making tax policy", *IFS Observations*, 20 February 2013
44 HM Treasury, *Tax policy making: a new approach*, June 2010 p15
45 Details of the OTS's work are collated on the Gov.uk site.
46 Treasury Committee, *Principles of tax policy*, 15 March 2011, HC 573 2010-12 paras 79-80
47 HC Deb 6 December 2011 cc11-12WS; HC Deb 11 December 2012 cc16-17WS; HC Deb 10 December 2013 cc21-2W; HC Deb 10 December 2014 c39-40WS. see also, HC Deb 23 April 2012 cc601-2W.
48 Written statements HCWS374, 9 December 2015 & HCWS320, 5 December 2016
49 under ss184-9 of *FA2016*. See also, HMRC, *OTS permanent establishment: tax information & impact note*, 9 December 2015.
50 *The Finance Bill 2003*, 10 June 2003 HL Paper 121 of 2002-03

The Coalition Government's approach to publishing the Bill in draft several months before the Budget meant that the Select Committee did not produce a report on the *Finance Bill 2012*, as many commentators and tax professionals had already made submissions on the Bill in draft form. Subsequently the Committee has published reports on the *draft* Bill after its publication in December in 2013,[51] 2014,[52] 2016,[53] and 2017.[54] The expectation that scrutiny on the 2015 Finance Bill would be severely shortened due to the timing of the General Election meant that the Committee did not produce a report on the draft Bill after its publication in December 2014. With the move of the annual Budget from Spring to Autumn in 2017, the Committee's inquiry followed the publication of the draft Finance Bill 2018 in July that year.[55] Since then the Committee has published on the subsequent draft Finance Bills in April 2020,[56] and December 2020.[57]

51 *The Draft Finance Bill 2013*, 13 March 2013, HL Paper 139 of 2012-13
52 *The Draft Finance Bill 2014*, 11 March 2014, HL Paper 146 of 2013-14
53 *The Draft Finance Bill 2016*, 4 March 2016, HL Paper 108 of 2015-16
54 *Draft Finance Bill 2017: Making Tax Digital for Business*, 17 March 2017, HL Paper 137 of 2016-17
55 In this case the Committee published a two-part report: *Making Tax Digital for VAT: Treating Small Businesses Fairly*, HL Paper 229, 22 November 2018; *The Powers of HMRC: Treating Taxpayers Fairly*, HL Paper 242, 4 December 2018
56 *Off-payroll working: treating people fairly*, HL Paper 50, 27 April 2020
57 *New powers for HMRC: fair and proportionate?*, HL Paper 198, 19 December 2020

3. Budgets and General Elections

A further criticism of the way the Finance Bill is scrutinised has arisen when the passage of the Bill has coincided with a General Election.

As noted, income tax – and corporation tax – are annual taxes, and the authority to collect them expires at the end of the tax year, on 5 April. Under the *Provisional Collection of Taxes Act 1968*, annual taxes may continue to be collected after the date of expiry if the House approves a resolution to this effect within a month. So, in the case of the 2009 Budget, presented on 22 April, one of the Ways & Means Resolutions passed at the end of the Budget debates, on 28 April, set the charge to income tax for 2009/10. However, it would be insufficient for the House to have *only* approved a Budget Resolution to set the charge to tax before the election, because these resolutions would be invalidated by Parliament's being dissolved. So, in these circumstances, a Finance Bill must be passed by 5 May, which can pose problems if a General Election is held soon after the Budget.

3.1 Options when a General Election is in the Spring

Having a deadline of 5 May suggests that there are three possible scenarios when a General Election is held soon after Budget day in March:

1. To have a Budget mainly for publicity purposes but no Finance Bill, on the assumption that the election could be held, and a new Parliament could meet and pass a Finance Bill before 5 May. In practice this would be an extremely tight timetable what with the election of a new Speaker, Members taking the oath, the need to arrange a state opening and Easter, even assuming one party has an overall majority and was able to form a government immediately after the election. It would also mean a new Chancellor would have to introduce a Budget and Finance Bill as soon as he had taken on the job. For these reasons, it seems likely that a Finance Bill would be passed before the dissolution.

2. To introduce a 'holding' Finance Bill once the election was called. This was done in 1979. The Labour Government lost a vote of no confidence on 28 March and called an election for 3 May. The Government and Opposition agreed on the measures which should become law before the dissolution. A Finance Bill was introduced on 3 April and received Royal Assent the next day. It was designed primarily to give the legislative authority necessary for the continued collection of income tax, corporation tax and advance corporation tax in 1979-80 without in any way prejudicing the tax changes that a new Government might wish to make on assuming office. Following the Conservative party's victory in the General Election, the new Chancellor, Geoffrey Howe, presented his Budget on 12 June.

3. To have the Budget and produce the Finance Bill without a delay, to have it passed before the dissolution for the election. This was done in 1992, when the then Conservative Government presented a shortened Bill with only certain key proposals included for political reasons. The problems with such a Bill is that the Government either needs the agreement of the Opposition to pass it or must have it passed despite them, using a guillotine motion to ensure the Bill is passed by its chosen deadline.

Finance Bills have been guillotined very occasionally in modern times: in 1967-68 (the motion was presented on 21 May 1968); in 1974-75 (4 March 1975); in 1991-92 (13 March 1992); in 1993-94 (1 February 1994); and in 1997-98 (14 July 1997). The guillotine procedure has always been controversial, and, given the central importance of taxation, it is not surprising that it has been used very rarely in these circumstances. Arguably these concerns have been supplanted with the introduction of programme orders, which have been used with most Bills since the start of the 2000-2001 session.[58]

In 1992 the Budget statement was on 10 March, and the following day the Government announced that the election would be held on 9 April. On 12 March the Government presented its Finance Bill, at the conclusion of the Budget debate, after the House voted on the relevant Ways & Means Resolutions. The Bill had eleven sections, and no schedules; its provisions represented, as the then Chief Secretary to the Treasury, David Mellor, said when introducing the Bill on its Second Reading, "those Budget measures that the Government consider it essential to pass into law before Parliament is dissolved and they put the Budget changes implemented on Budget day beyond legal doubt." As Mr Mellor explained, the Government decided to include all the major income tax changes set out in the Budget:

> Income tax must be renewed each year and, if that is not done, no income tax can be collected. The tax has to be renewed by 5 May every year. There would not be time to be sure of doing this after the election, so clause 10 re-imposes income tax for 1992-93. Nearly 25 million people pay income tax and most never see an income tax return. They pay all their tax through PAYE and each year the Budget requires the Inland Revenue and employers to undertake a major recoding exercise for everyone on PAYE. If the Government had renewed income tax before the election and done nothing else, all the income tax allowances and the basic rate limit would have been raised under the statutory indexation provisions. The Revenue would have had to undertake one recoding exercise to implement those changes and a second after the election to implement any changes contained in the second post-election Finance Bill which would be necessary. That would have been wasteful for the Inland Revenue and employers and confusing for taxpayers.
>
> That is why the Government have concluded that it is right to ask Parliament to confirm all the major income tax changes in the Budget and that is why clause 9 provides for the introduction of a lower rate of income tax, chargeable on the first £2,000 of taxable income. It also gives us a chance to establish a serious difference of view on this matter between the Conservative party and Opposition parties.[59]

The Bill completed all of its stages on the floor of the House, as well as completing all its stages in the Lords, on this day, 13 March, the Government having moved a guillotine motion to that effect.[60] Parliament was prorogued and dissolved on 16 March – the day the *Finance Act 1992* received Royal Assent. As noted, polling day was 9 April, and following the Conservative party's victory, Parliament reassembled on April 27. A second Finance Bill was presented on 14 May – containing the remaining measures which had been set out in the Budget;[61] the Bill received its Second Reading in the Commons on 2 June, and Royal Assent on 16 July.

Something slightly different to this third option occurred in 1987 when the Budget was held on 17 March. The Finance Bill was published on 8 April and had started its progress in committee before the election was announced on 11 May. The Leader of the House, John Biffen, announced a revised Business Statement agreed through "the usual channels." The Finance Bill was passed by the House of Commons on 12 May and included the clauses already discussed in Committee and various technical clauses.

Many commentators were critical of the timetable to which Finance Bills were scrutinised in both 2001 and 2005, although in both cases this was subject to agreement through the usual channels. In the case of 2001, a General Election was widely expected soon after the

58 For a list of Bills guillotined over 1979-98, see HC Deb 29 November 2000 c673W.
59 HC Deb 13 March 1992 cc 1130-1133
60 HC Deb 13 March 1992 c 1092
61 Following approval of a series of Ways and Means Resolutions, tied to the provisions in the Bill (HC Deb 14 May 1992 cc 773-831).

Budget, but had not been announced by the time the Bill was printed, and it received a Second Reading on 9 April. The Bill was of a standard length, if shorter than its predecessor, but in a striking departure from precedent, one third of its clauses were taken on the floor of the House, over the normal two day debate, before it passed to Committee.[62] Furthermore, when it began its deliberations, on 26 April, the Committee anticipated it would have 18 sittings. The election was announced on 8 May, the day of the Committee's sixth sitting, and, having agreed a revised programme motion, the Committee completed its scrutiny of the Bill that very day. The remaining stages of the Bill in the Commons were taken the following day, and the Bill received Royal Assent on May 11, the day that Parliament was dissolved. In turn the General Election was held on 7 June.

Again, in 2005 the General Election was expected soon after the Budget, but had not been announced when the Finance Bill was printed on 24 March. In this case, the date of the election was announced on 5 April, and a second, shorter version of the Bill was published the following day. Controversially the Government did not publish a 'minimal' Bill, as in 1992, but decided the new Bill would be 106 clauses long, rather than the original 176. In addition, all of the Bill's stages were taken that day, 6 April. After passing to the Lords, the Bill received Royal Assent on 7 April, four days before Parliament was dissolved.

In the Commons on 6 April, the Second Reading debate took just under 3½ hours, and on its completion, the House then spent 40 minutes on the Bill's remaining stages. Speaking for the Conservatives at the Bill's Second Reading debate in the Lords, Baroness Noakes suggested that the Government had initially suggested that the Bill in its *original* form should be presented, without any cut in its length. Responding for the Government, Lord McIntosh of Haringey said:

> My Lords, I have two points to make on the observations of the noble Baroness, Lady Noakes, about the scrutiny of the Bill and what was taken out of it so that it could proceed as it is. First, what was left out of the Bill and, therefore, what was left in the Bill, was certainly agreed by the Conservative Front Bench, and I believe also by the Liberal Democrat Front Bench. So it is not appropriate for anyone in this House to complain about something that has been agreed by both Front Benches in the elected Chamber … The noble Baroness, Lady Noakes, recognised that there were precedents, particularly in 1983 and 1992. She complained that only four hours were spent in debate on the Bill yesterday, but that succeeded four days of Budget debate which, although the detail of the Bill was not available, nevertheless, covered a large part of the issues that we would be expected to consider.[63]

After the Labour party's election victory on 5 May, the Government presented a second Bill – in effect, the second half of the Bill published after the 2005 Budget.[64] Unsurprisingly there was considerable criticism of this procedure: the Tax Faculty of the Institute of Chartered Accountants suggested that "all pretence that tax legislation is subject to effective parliamentary scrutiny would appear now to have gone."[65]

3.2 General Elections in 2010 and 2015

Many tax professionals raised concerns about the way in which the Finance Bill would be scrutinised in the days before the 2010 Budget, with the expectation that the Labour Government would decide to hold the General Election on 6 May. The Chartered Institute of Taxation (CIOT) made a submission that the Finance Bill passed before the dissolution

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62 The three Finance Acts from 2000 to 2002 are 613pp, 331pp, and 494pp, respectively.
63 HL Deb 7 April 2005 c932, c934
64 The two Finance Acts are 203pp and 160pp respectively.
65 ICAEW press notice, *The enactment of a Finance Bill – the Tax Faculty is concerned*, 8 April 2005

should only include "those measures essential to maintain the Government's revenue raising capacity, such as renewing the provision of income tax."[66] In the event, the Finance Bill passed before the 2010 election showed some of the characteristics of the Bill in 1992 – a shortened Bill passed with Opposition support – but still bore some similarities to the Bills presented in 2003 and in 2005.

The 2010 Budget was presented on 24 March, and the House debated the Bill, as normal, over four days, approving a series of Budget Resolutions on 30 March: the Finance Bill was published the next day.[67] The Bill was about half the length of its predecessor in 2009, but was not a minimal affair, as in 1992.[68] The Labour Government had given some indication in the individual Budget notes, published alongside the Budget report, whether a measure would be included in this Bill, or a second Bill, 'to be introduced as soon as possible in the next Parliament' – but no detailed rationale as to the process. One practitioner writing in the technical journal *Taxation* commented, "the general idea seems to be that legislation on which there has already been consultation (even if it is being amended) will be in the first bill, as will all the giveaways and some of the anti-avoidance provisions, with only a smaller number of more complex provisions held back for the second bill."[69]

On 6 April the then Prime Minister, Gordon Brown, announced that, as widely anticipated, the election would be held on 6 May, with the dissolution on 12 April. The following day the House approved a Business Motion, which provided for the Finance Bill to be considered in all its stages that day as part of a two day wash-up procedure: the Bill was debated and approved in its entirety in three hours that day without division.[70] Introducing the Bill on its Second Reading, the then Financial Secretary, Stephen Timms, explained that the Bill was "focused on the key Budget measures." On the decision to include provisions in this Bill, rather than a second Bill after the election, the Minister simply said, "some two thirds of the measures in the Bill have been aired for comment and consultation already."[71]

Four changes were made to the Bill, following agreement with the Opposition. Three provisions were removed from the Bill – a 'landline duty' to fund broadband investment, provisions for businesses to provide financial security if the tax authorities believed their PAYE payments were at risk, and new rules for the tax treatment of income from furnished holiday lettings.[72] In addition one amendment was made to the rate of excise duty on cider: in the Budget Mr Darling had announced the rate would go up by 10% in real terms from 29 March, while alcohol duty rates rose by only 2%, to correct a long-standing anomaly in the amount of tax paid on cider compared with other drinks.[73] The Bill was amended to limit this increase to 2%, from 30 June 2010.

The Financial Secretary told the House that all three measures that the Government had agreed not to include would "all be in the second Finance Bill at the start of the new Parliament." In addition, provision would be made in this second Bill to reverse the amendment made to the cider duty rate. This provision was one of only three clauses to be

66 CIOT press notice, *CIOT warns of dangers of rushing through Finance Bill*, 18 March 2010
67 HC Deb 30 March 2010 c90WS. There were 50 Ways & Means resolutions, and one Procedure resolution; the House voted on 7 of the Ways and Means resolutions (HC Deb 30 March 2010 cc 739-776).
68 The Bill had 73 clauses, 22 schedules, and 167 pages; the *Finance Act 2009* has 127 sections, 61 schedules, and 450 pages.
69 "The Darling budget for May", *Taxation*, 25 March 2010. See also, CIOT press notice, *Tax experts criticise Government over big Finance Bill*, 1 April 2010
70 HC Deb 7 April 2010 cc 1058-1105
71 HC Deb 7 April 2010 c1058
72 Details on these measures were given in HM Revenue & Customs Budget Notes BN51, BN70 & BN24, 24 March 2010
73 HC Deb 24 March 2010 c256

debated briefly, after the Second Reading debate.[74] At this juncture, the Financial Secretary stated that the Government would "legislate to confirm the originally planned increases in a second Finance Bill, just after the election."

Of course, this was overturned by the outcome of the General Election, and the establishment of the Conservative-Liberal Democrat Coalition Government on 11 May. In their election manifesto the Conservatives had proposed "an emergency Budget within 50 days of taking office",[75] and the Chancellor, George Osborne, presented the new Government's first Budget on 22 June.[76]

In their first Budget in June 2010, the Coalition Government announced that it would introduce two Finance Bills in 2010: the first, in a matter of days, limited to its key priorities (such as raising the standard rate of VAT to 20%), the second, in the autumn, given over to a series of technical measures which the Labour Government had planned to introduce in the March 2010 Budget, but had decided to postpone until after the election.[77] The Budget also confirmed that the four measures removed from the Labour Government's Finance Bill before the 2010 General Election would not be reintroduced.[78]

The first of these Finance Bills, containing just 11 clauses, was published on 1 July, and after its Second Reading, was scrutinised by a Committee of the Whole House over 3 days of debate; the *Finance (No2) Act 2010* received Royal Assent on 27 July.[79] Draft legislation for the second Bill was published in July; the Bill was published on 15 September, had its Second Reading on 11 October, and received Royal Assent – as the *Finance (No3) Act 2010* – on 16 December.

Although HM Revenue & Customs have often published individual draft clauses to be included in a future Finance Bill, many tax practitioners have argued that far too little of the annual Bill is released in draft form, and the timetable for Parliamentary scrutiny for tax legislation is too short to avoid mistakes being made. As noted, at the time of the June Budget the Government proposed that as part of a new approach to making tax policy in future nearly all of the Finance Bill would be realised in draft three months before formal publication, subject to certain exceptions: straightforward changes to rates, allowances and thresholds; revenue protection measures; and, areas where forestalling presented a significant risk.[80]

In December 2010 the Treasury published the majority of the clauses to be included in the Finance Bill 2011 in draft; in a statement the Exchequer Secretary David Gauke confirmed "this practice will become an established feature in the tax policy making cycle." Alongside this material, the department published a series of 'tax information and impact notes', which, as the Minister explained, set out "for each draft clause, the proposed change, why we seek the change and what we expect the impacts to be."[81] For the next four years the Coalition Government published substantive portions of the Finance Bills in draft in the December before the Budget – and in general the professional community strongly welcomed this change.[82]

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74 HC Deb 7 April 2010 cc1102-4
75 *Invitation to join the Government of Britain: the Conservative Manifesto*, April 2010 p7
76 The date was announced on 17 May (HM Treasury press notice 03/10, *Chancellor announces date of emergency Budget* ,17 May 2010).
77 *Budget 2010*, HC 61, June 2010 para 2.118. The report itemises these measures in section 2b (pp 54-60).
78 *Budget 2010,* HC 61, June 2010 paras 2.118, 2.85, 2.95, 2.98, 2.112
79 The Committee considered the Bill on 12,13 & 15 July & gave the Bill its Third Reading on 20 July 2010.
80 HM Treasury, *Tax policy making: a new approach,* June 2010 para 2.11
81 HC Deb 9 December 2010 c29WS. See also, HC Deb 15 March 2011 c5WS.
82 For example, "Analysis: consultation – is it having the desired effect?", *Tax Journal*, 20 January 2012

In 2015 a similar approach was taken by the Coalition Government, which published the Finance Bill at the conclusion of the Budget debates on 23 March 2015. All of its stages in the Commons were completed in one day, two days later.[83] Introducing the Bill Treasury Minister David Gauke noted that a small number of clauses had been removed from the Bill, with agreement with the Opposition – to allow it being passed with such speed:

> We are committed to all the tax measures that the Chancellor set out last Wednesday, but appreciating the constraints on the timetable we have deliberately held a number of measures back and published a shorter Bill than would otherwise have been the case. Unlike under previous Governments, legislation for Finance Bills since 2011 has been published in draft three months ahead of the final publication of the Bill. Under this new approach, we published more than 250 pages of draft legislation in December for technical consultation, again meeting our commitment to expose legislation in draft.
>
> We are proceeding today on the basis of consent. The Opposition required us to remove five clauses from the Bill following discussions last week. The clauses concern a new tax exemption for the travel expenses of members of local authorities; a new statutory exemption from income tax for trivial benefits in kind, implementing a recommendation of the Office of Tax Simplification's review of employee benefits and expenses; simplifying link company requirements for consortium claims under corporation tax; a separate rate of excise duty for aqua methanol; and changes to scheme rules for the enterprise investment scheme and venture capital trusts. The Government would look to legislate on all five of those clauses at the earliest opportunity at the start of the new Parliament.[84]

Speaking for the Opposition Chris Leslie acknowledged that the Bill's progress had been agreed by the 'usual channels', but raised some concerns over this procedure:

> **Mr Leslie:** The Bill contains 131 clauses of complex tax changes, affecting the energy generating sector, tax avoidance, pensioners and businesses, but we have been given only six hours to cover all of it. I accept that we have little choice about that because of how the Fixed-term Parliaments Act 2011 works—in the fifth and final year of the Parliament we can see that Parliament will prorogue at a given point. Nevertheless, I want to put on record our disappointment that we have not found a better way of improving the scrutiny of this year's Finance Bill. Normally we would have a Public Bill Committee, in which we could spend fun-packed hours going through every provision. Sometimes I feel that such Committees go all too quickly …
>
> **Mr Gauke:** I share the hon. Gentleman's sense of loss that there is not the usual Committee stage upstairs this year. To be clear, it is necessary to pass a Finance Bill after Budget resolutions have been passed, and there is clearly a short period between those resolutions being passed and Prorogation. I am sure he recognises that there were discussions last week in the usual manner, and that clauses that the Opposition believed should be debated and dealt with in the next Parliament have been withdrawn. The clauses that remain are those that the Labour party accepted should be dealt with in the Bill.
>
> **Chris Leslie:** I do accept that, and it is good that we have had discussions through the usual channels, treating the Finance Bill this year more in what is known as the "wash-up" procedure rather than our normal less-constrained procedures. Nevertheless, I think we should pause and dwell on the fact that in a fixed-term Parliament the date of the final Budget may have consequences downstream for the legislation that is spat out at the other end. Perhaps we should consider allowing a little more time between the final Budget and the end of the Parliament—obviously a Labour Government will be in power for the next five years, so this may be quoted back at me in five years' time—so that we have a more considered approach.[85]

Nevertheless the Bill was agreed, unamended, after just over 6 hours of debate that day.

83 HC Deb 25 March 2015 cc1437-1534
84 HC Deb 25 March 2015 cc1437-8
85 HC Deb 25 March 2015 c1444-5

Following the General Election on 7 May 2015, the new Conservative Government announced that it would present its first Budget on 8 July. Subsequently the then Chancellor, George Osborne, presented the Government's first Budget on this date. As with previous Budgets, the impact of the tax measures announced in the Budget were set out in the series of Tax Information and Impact notes, collated in the *Overview of Tax Legislation & Rates* document. The overview set out which of the Government's announced measures would be included in a 'Summer Finance Bill' to be presented that month, which will be implemented in secondary legislation, and which would be enacted in *Finance Bill 2016*, a later Finance Bill, or in other legislation – subject to consultation. In turn the *Summer Finance Bill 2015* was published on 14 July 2015, and the *Finance (No2) Act 2015* received Royal Assent on 18 November 2015. In subsequent years the Government has following this precedent, published much of the Finance Bill in draft, prior to the relevant Budget.

4. Carrying-over the Finance Bill between Sessions

In its founding agreement the Coalition Government made a commitment to introduce fixed-term Parliaments, with general elections set for the first Thursday in May, every five years. Provision to this effect was made by the *Fixed-Term Parliaments Act 2011*.[86] In September 2010 Sir George Young, then leader of the House, announced that the Government had decided "it would be appropriate to move towards five 12-month sessions over a Parliament, beginning and ending in the spring" as this had "the advantage of avoiding a final fifth session of only a few months, which restricts the ability of Parliament to consider a full legislative programme." As a result the Queen's Speech would move from the autumn to the spring, and the current session would run until around Easter 2012.[87]

In the 2011 Budget report the Government noted that it would be making amendments to the *Provisional Collection of Taxes Act (PCTA) 1968* "to maintain the Government's ability to collect income tax and certain other taxes and duties on a provisional basis following changes to the parliamentary timetable."[88] These were set out in a tax information and impact note, part of which is reproduced below:

> Currently the PCTA provides that:
>
> a. in a single session, it is not possible for a resolution to have the same statutory effect as another resolution that has already had statutory effect in that session;
>
> b. resolutions cease to have effect under specific conditions, including at the end of a session (when Parliament is prorogued) and when Parliament is dissolved;
>
> c. a bill containing the substance of the resolution must be read a second time within 30 days after the day the resolution is passed or it will lose statutory force; and
>
> d. a resolution can have statutory effect until a specified date or for a specified period (depending when the resolution is passed). The current maximum period for which resolutions can have statutory effect is six months and five days. …
>
> The PCTA will be amended so that:
>
> a. a resolution will be allowed to have the same statutory effect as an earlier resolution in the same session, so long as the earlier resolution was not passed in the same calendar year;
>
> b. resolutions will no longer lose statutory effect at the end of a session, as long as the bill is to be carried over into the next session (although the condition that resolutions will lose statutory effect when Parliament is dissolved will remain unchanged);
>
> c. where the House of Commons does carry-over the bill, then that bill must be re-introduced in the first 30 sitting days of the new session or the resolution will lose statutory effect; and
>
> d. in order to allow time for equivalent parliamentary scrutiny there will now be a maximum period of seven months during which resolutions continue to have statutory effect.

As this change in procedure would not affect the way in which taxes are collected and legislated, the Department did not anticipate any impact on individuals or households.[89] In its report on the 2011 Budget the Treasury Committee acknowledged that there "may well

86 Two Library Research papers provide background on the *Fixed-terms Parliaments Bill 2010/11*(RP10/54, 26 August 2010), and its consideration in the Commons (RP11/09, 21 January 2011).
87 HC Deb 13 September 2010 cc33-4WS
88 *Budget 2011* HC 836 March 2011 para 2.192
89 HMRC, *PCTA : amendments to section 1 – tax information & impact note*, 23 March 2011

be good reasons" for the measure, but recommended that "our colleagues on the Finance Bill seek a full explanation of the change."[90] As it transpired, the provision was approved without debate at the Committee stage of the Bill,[91] though the Government replied to the Committee's concerns in its response to the report:

> The Government is making changes to the Provisional Collection of Taxes Act (PCTA) to maintain its practical effect following changes to the parliamentary timetable. The Tax Information and Impact Note published alongside the Budget explained that the Government's objective in making these changes was to maintain the practical effect of the PCTA, ensuring the appropriate safeguards are in place and allowing sufficient time for parliamentary scrutiny of the Bill.
>
> In line with these objectives, the Government has given careful consideration to the length of time for which the PCTA resolutions should have effect. Prorogation of Parliament, the Queen's Speech and the debate on the Loyal Address will fall within the Finance Bill timetable following the move to spring to spring sessions. Without these proposed changes, the time available for parliamentary scrutiny of tax legislation would be reduced.[92]

Following the Budget on 21 March 2012, the *Finance Bill 2012* was published on 26 March. The House approved a motion to allow the Bill to be carried-over into the new session, following the Bill's Second Reading on 16 April.[93] By the end of the 2012 Session on 1 May, the Public Bill Committee had had only four sittings, and discussed four of the Bill's 227 clauses; following the Queen's Speech on 9 May the Bill was reintroduced[94] – and the Committee had fourteen more sittings. Following Report Stage and Third Reading, the *Finance Act 2012* received Royal Assent on 17 July 2012.

In its report on the 2012 Autumn Statement, the Treasury Committee raised concerns that the Government had provided insufficient time for the Bill's scrutiny; in particular, the Treasury and business managers should have provided a longer period "between Second Reading and Committee of the Whole House."[95] In the Committee's view, this was "an important issue of principle going to the heart of Treasury Ministers' accountability to Parliament." The Government gave its response to this report just before the 2013 Budget, and on this issue, said the following:

> The Government is committed to ensuring that there is adequate time for Parliament to scrutinise the Finance Bill, within the wider constraints of the Parliamentary calendar. As the Government has previously set out, in order to improve the scrutiny of proposed legislation it has committed to publishing draft legislation for the majority of measures at least three months before the Bill, and producing Tax Information & Impact Notes (TIINs) on each measure. This has resulted in significantly greater transparency about the impact of policies and a greater understanding of their consequences, and allows interested parties to comment extensively on the legislation before it is finalised. Over 400 pages of draft legislation for Finance Bill 2013 were published for consultation on 11 December 2012, accompanied by 84 TIINs.[96]

In turn the timetabling of the *Finance Bill 2013* saw a two day gap between Second Reading and the Committee of the Whole House – something the Treasury Committee strongly criticised in its report on the 2013 Budget:

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90 Treasury Committee, *Budget 2011*, 9 April 2011, HC 897 of 2010-12 para 3.
91 Public Bill Committee (Finance (No3) Bill), 9 June 2011 c542. The legislation is set out in s88 of *FA 2011*.
92 *Sixth special report of Session 2010-12*, HC 1181, 22 June 2011 p1. Changes to the House's Standing Orders to accommodate this change were approved on 14 December 2011 (HC Deb cc811-34).
93 HC Deb 16 April 2012 c137
94 HC Deb 10 May 2012 c164
95 After the Second Reading of the Bill on 16 April, the Bill was considered by the Committee of the Whole House on 18 & 19 April 2012.
96 *Fourth special report of Session 2012-13*, HC 1076, 26 March 2013 pp1-2

209. On 21 March the Government announced that the Second Reading of the Finance (No. 2) Bill would be on Monday 15 April, with the two days in Committee of the Whole House on the Bill on Wednesday 17 and Thursday 18 April. When the Committee asked the Chancellor why the Government had again provided the House with only a two day gap between the Second Reading of the Bill and the Committee of the Whole House, he merely said that "We published the Finance Bill in draft in the autumn, and so that is plenty of time for this Committee and anyone else to take a good close look at it"[Q448].

210. The publication of clauses of the Finance Bill in draft for consultation is good practice and welcome. The House has also agreed that amendments to the Finance Bill may be tabled before Second Reading. Nevertheless, the argument that such a consultation process relieves the Government of the obligation of giving Members of the House, and other interested parties, adequate time to consider the Treasury's final legislative proposals in the Finance Bill is absurd. The House of Commons must have proper opportunity to scrutinise the Government's taxation proposals so that it can perform its constitutional role of giving its consent to them.

This year's Finance Bill is 615 pages long. Publishing the Bill during the Easter recess and then scheduling the Second Reading on the next sitting day, with the Committee of the Whole House stages of the Bill less than 48 hours after that, gives wholly inadequate opportunity for Members to consider the provisions of the Bill. It leaves scant time and to prepare and table amendments: in order to be selectable for the first day of Committee of the Whole House, amendments would have to be tabled by the rise of the House on the day of Second Reading itself. The timing also causes great difficulties for the Treasury Committee. It cannot maintain its previous practice, instituted at the request of Members of Parliament, of assisting the House by considering and agreeing its Report on the Budget in time for it to be published by Second Reading.

211. **Despite our requests the Treasury has not yet had a clear or adequate explanation from the Government for the unacceptable scheduling of this year's or last year's Finance Bills. That is probably because no acceptable explanation can be provided. It gives the appearance of an attempt to close down meaningful scrutiny. We also reiterate our previous recommendation that the Government schedule a longer gap between the publication of the Finance Bill and its Second Reading and between Second Reading and Committee of the Whole House. There should be at least a weekend between Second Reading and the beginning of Committee of the Whole House.**[97]

In its response to the Committee's report, the Government acknowledged that the time between these stages of the Bill had been reduced, but did not accept the view that this had seriously compromised Parliamentary scrutiny:

The Government remains committed to enabling full scrutiny of its legislative proposals, and has taken significant steps to improve opportunities for scrutiny, including publishing the majority of the Finance Bill in draft at least three months before the final Bill is published. The Government will continue to look for opportunities to improve scrutiny within the constraints of the Parliamentary calendar.

The Government recognises that the interval between publication of the Finance Bill and Second Reading, and between Second Reading and Committee of the Whole House, has been shorter than in the recent past. However, as the Committee has itself noted, this is largely a consequence of the new pattern of Prorogation and State Opening of Parliament.[98]

The following year the Committee had cause to reiterate these criticisms, as the Committee of the Whole House began its scrutiny of the Bill on 8 April, less than three weeks after the 2013 Budget:

It is essential that the Budget and the Finance Bill receive adequate, detailed parliamentary scrutiny. Prior to 2011, it was customary for four to six weeks to

97 Treasury Committee, *Budget 2013*, HC 1063, 20 April 2013 pp94-5
98 *Second special report of Session 2013-14*, HC 370, 11 July 2013 p9

> **elapse between the Budget and the Second Reading of the Finance Bill. In the most recent three years, this has fallen to an average of just under three weeks. We welcome the Government's provision of a full sitting week between Second Reading and Committee of the Whole House.**
>
> **Nevertheless, this year, the timings of the Budget and the Finance Bill have not permitted adequate scrutiny to take place—either by this Committee or outside—in time for either Second Reading or Committee of the Whole House. We therefore recommend that, in future, there should be no less than three sitting weeks between the Budget and Second Reading of the Finance Bill, and at least a further sitting week between Second Reading and Committee of the Whole House. Four to six weeks between the Budget and Second Reading of the Finance Bill was once the norm, so our proposal will simply bring the arrangements closer to the practice that pertained before 2011. We accept that it may not be possible to achieve this timetable in an election year, but it certainly should be the accepted practice at other times.**[99]

In response to this the Government stated that it would "continue to look for opportunities to improve scrutiny where possible":

> As the Government has noted in response to previous reports from the Committee, significant steps have been taken since 2010 to improve opportunities for scrutiny of the Government's legislative proposals, including publishing the majority of Finance Bill clauses in draft at least three months ahead of publication of the final Bill. Such an approach has resulted in far greater consultation and external scrutiny than was the case before.
>
> The Government recognises that longer intervals between publication of the Bill and Second Reading and between Second Reading and Committee of the Whole House would be desirable. Subject to the constraints of the Parliamentary timetable, the Government will continue to look for opportunities to improve scrutiny where possible.[100]

99 *Thirteenth report: Budget 2014*, HC 1189, 9 May 2014 para 270
100 *Second special report*, HC 609, 1 August 2014 pp16-7

5. An Autumn Budget from 2017

On 23 November 2016 the then Chancellor Philip Hammond presented the Autumn Statement to the House. In his statement Mr Hammond announced a reform in the Budget procedure, a move to having a single annual fiscal event:

> This is my first autumn statement as Chancellor. After careful consideration and detailed discussion with the Prime Minister, I have decided that it will also be my last. I am abolishing the autumn statement. [Hon. Members: "Hear, hear."] No other major economy makes hundreds of tax changes twice a year, and neither should we, so the spring Budget in a few months will be the final spring Budget. Starting in autumn 2017, Britain will have an autumn Budget announcing tax changes well in advance of the start of the tax year.

The Chancellor went on to explain that as the Office for Budget Responsibility (OBR) has a statutory duty to present updated fiscal and economic forecasts twice a year, then each spring, when the second of these was published, the Government would present a formal response:

> From 2018, there will be a spring statement responding to the forecast … Parliament has mandated the OBR to produce a report to Parliament twice a year and has mandated the Government to reply. From 2018, therefore, there will be a spring statement responding to the forecast from the OBR but no major fiscal event. If unexpected changes in the economy require it, I will of course reserve the right to announce actions at the spring statement, but I will not make significant changes twice a year just for the sake of it.
>
> This change will allow for greater parliamentary scrutiny of Budget measures ahead of their implementation. It is a long-overdue reform to our tax policy-making process and brings the UK into line with best practice recommended by the IMF, the Institute for Fiscal Studies, the Institute for Government and many others.[101]

Further details were given in the *Autumn Statement* report …

> 4.1 To promote certainty and simplicity within the tax system, the government intends to move towards having a single major fiscal event each year. Following the spring 2017 Budget and Finance Bill, Budgets will be delivered in the autumn, with the first one taking place in autumn 2017. The OBR will produce a spring forecast from spring 2018 and the government will make a Spring Statement responding to that forecast. The Statement will review wider economic and fiscal challenges and launch consultations. The government will retain the option to make changes to fiscal policy at the Spring Statement if the economic circumstances require it.
>
> 4.2 This will improve both external and Parliamentary scrutiny of proposed tax measures.
>
> 4.3 The government remains committed to the tax policy framework and will consult on tax changes in the spring and draft legislation in the summer, before they are introduced as Finance Bills.[102]

… and in a Treasury press notice published alongside the report:

> **Finance Bill will follow the Budget, as it does now**
>
> We expect a Finance Bill in spring/summer 2017 following the spring Budget. From winter 2017, Finance Bills will be introduced following the Budget. The aim will be to reach Royal Assent in the spring, before the start of the following tax year. This

[101] HC Deb 23 November 2016 c910

[102] *Autumn Statement*, Cm 9362, November 2016 para 4.1-3. The OBR's statutory duties are established by the *Budget Responsibility and National Audit Act 2011*. See also, *The Office for Budget Responsibility and Charter for Budget Responsibility*, Commons Briefing paper CBP5657, 18 October 2019.

change in timetable will help Parliament to scrutinise tax changes before the tax year where most take effect.

Tax policy consultation will continue and be strengthened

The government remains committed to consulting on policy as set out in '*The new approach to tax policy making*' in 2010. Most measures proposed at a Budget will be subject to policy consultation in the spring and publication of draft legislation in the summer, before being legislated in the Finance Bill after the following Budget. To build on this and allow for an earlier stage of involvement on key strategic challenges, the Chancellor has said that he may launch consultations on how to address these longer-term issues at the Spring Statement.

From 2018 'Legislation day' will move to the summer

Since 2011, most tax policy consultation summaries and draft Finance Bill legislation have been published on 'Legislation day', following the Autumn Statement. In 2016 this will be on 5 December. From 2018, under the new timetable, this will move to the summer. As now, the date will continue to be announced by written ministerial statement.

An Autumn Budget means tax changes will be announced well in advance of the start of the tax year

The single fiscal event and new timetable to bring forward tax changes so they are legislated for before the start of the tax year will be beneficial to tax stakeholders. Making the transition to the new timetable will require adjustments to the normal tax policy making process due to the shorter interval between the two Budgets. Arrangements will be decided individually for different policies and set out to stakeholders by HMRC. In the normal way, these will where possible provide for consultation on policy proposals and on draft legislation.[103]

The Chancellor's announcement was generally welcomed by tax professionals. The Chartered Institute of Taxation described it as a "welcome move" as "having two major fiscal events a year encourages government to keep fiddling about with the system."[104] The Association of Taxation Technicians agreed that this reform was "an opportunity for better tax legislation" but suggested that it would be "essential for the whole timetable for new legislation to be considered."[105] Writing in *Taxation*, Andrew Hubbard, the magazine's editor, saw the decision as being "positive, even for somebody like me who enjoys the adrenaline rush of analysing the press releases after a set-piece event … slowing down the pace and having a more measured approach to making tax policy and law … must be the right thing."[106] As part of its presentation on the Autumn Statement, the Institute for Fiscal Studies director, Paul Johnson, said:

> No more Autumn Statements. Hurrah. If there has been any promise made by any chancellor I have been able to welcome more warmly I can't remember it. Of course that's partly just a personal preference. I'm getting too old to pull two all-nighters a year in response to fiscal events. But more seriously we have had far too much, far too bad, policy in Budgets, Autumn Statements and pre budget reports over the years. The temptations for Chancellors to use their two days to make too many headline grabbing announcements is great indeed. As I said in a letter to Mr Hammond back in September, along with colleagues from the IfG and CIOT, moving to one fiscal event a year should reduce "the frequency of new significant changes of direction, release resource for better consultation, produce higher quality legislation and more effective implementation, and make life simpler for taxpayers". Let's hope.[107]

103 HM Treasury press notice, *The new Budget timetable: 7 things you need to know*, 23 November 2016
104 CIOT press notice, *Chancellor takes up Institutes' proposal for fewer Budgets*, 23 November 2016
105 ATT press notice, *Tax experts call for consultation on new Budget timetable to ensure it delivers intended benefits*, 23 November 2016
106 "Harbinger of stability?", *Taxation*, 1 December 2016
107 "Paul Johnson's Opening remarks", *IFS Autumn Statement analysis*, 24 November 2016

In January 2017 the Institute for Government published a joint report with the IFS and the CIOT on tax policy, making a series of recommendations. The authors suggested that the commitment to a single fiscal event was "an important move that opens the way to a more professional approach to tax policy making":

> By taking Treasury and HMRC officials and ministers off the treadmill of twice-yearly tax policy making with only around 12 working weeks between the Autumn Statement and the Budget, it should give scope for the further steps we suggest below on consultation and external engagement – and open the way for enhanced parliamentary scrutiny. Simply doing less should enable change to be done better. But previous chancellors have made similar commitments – only to be tempted back by a mix of opportunity and external expectation. So if this change is to endure, it needs to be buttressed by changes to entrench it.[108]

The report made a series of recommendations for reforming tax policy making; principally, that the Government should "publish clear guiding principles and priorities for tax policy", "improve consultation, in particular ensuring that consultations happen before key decisions have been made", and, "use external, public reviews of aspects of the tax system as a means of opening up public debate." In addition the authors made a number of specific suggestions to improving Parliamentary scrutiny:

> **Create more transparency around Finance Bills and supporting documentation.**
>
> Being more open about the basis for the measures in Finance Bills would help both scrutiny and accountability. This could start with publishing the instructions that HMRC lawyers send to the Office of the Parliamentary Counsel, which should contain the clearest possible statement of what the measures are intended to achieve. That would allow people to look at whether the legislation gives proper effect to ministerial intent.
>
> Second, the Treasury and HMRC should publish the evidence base behind measures and the assumptions on which costings are based, and ensure that these are appropriately detailed.
>
> Third, Tax Information & Impact Notes (TIINs) should contain a clear statement of the purpose of measures and their expected effect, with an indication of the assumptions used to calculate this. That can then form the basis of post-legislative scrutiny. Just as impact assessments have to be signed by departmental chief analysts, and individual statisticians are named as contact points for releases from the Office for National Statistics, the responsible official should sign off TIINs. The external scrutiny of those assessments suggested above would flag issues of potential concern to MPs. It would also be helpful to both Parliament and external consultees if the Government could present measures destined for Finance Bills in a much more coherent way on GOV.UK, in effect reinstating the Tax Consultation Tracker, originally introduced in 2010. This would allow people to follow the audit trail of all the measures destined for a particular Finance Bill through their consultation and draft clause stages. Consultation responses could also be made available in the same place.
>
> **Improve Finance Bill scrutiny.**
>
> The lack of stages in the House of Lords should mean that the Finance Bill is subject to particularly intense scrutiny in the House of Commons. But the reverse tends to be true, as a consequence of both the political centrality of tax and the extreme technicality of the bulk of the measures. The idea of separating changes to rates and allowances from structural reforms to the tax system has long been suggested, with the former in the main Finance Bill and the latter in a technical tax bill. The OTS has suggested experimenting with a 'tiered' approach,[109] which would mean separating legislation on individual measures into three layers aimed at the three audiences for tax legislation: the 'lay person', the 'educated user' and the 'tax expert'. That could

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108 IfG, IFS, CIOT, *Better Budgets: making tax policy better*, January 2017 p42
109 Office of Tax Simplification, *OTS Response to the IfG/CIOT/IFS discussion paper*, 2016

> open up the way to improved scrutiny, with a technical scrutiny by experts of whether the technical clauses delivered the purposes and a political debate about those purposes.
>
> Even without that change, debate on the Finance Bill could be improved by using some of the committee sessions to take oral evidence on key themes in the bill before starting debates on clauses. This is normal practice in other public bill committees, including on changes to NICs. This need not prejudice the timetable. This could be enhanced by ensuring effective liaison between the experts working to support the three committees that have a role in tax scrutiny – the Treasury Select Committee, which has hearings on the Budget and Autumn Statement, the House of Lords Economic Affairs Committee and the Finance Bill Committee – to make sure that the results of pre-legislative work inform legislative scrutiny.
>
> **Increase support to Parliament on tax issues.**
>
> Although taxes constitute almost 40% of national income, Parliament has little standing support to help look at tax legislation, support general inquiries on tax issues or help with post-implementation reviews. The Treasury Select Committee has been able to call on expert support when it needs it, and has benefited from having secondees from HMRC, but there is no standing capacity to support members and other committees that may be interested in tax issues beyond the resources in the Library. As an NAO report on tax reliefs and the work of the OTS have shown,[110] there is an asymmetry between the huge amount of effort in government and in Parliament that goes into new tax measures and the relative lack of attention to how effective those measures have been.
>
> There is a strong case for increasing the specialist capacity to scrutinise the effectiveness of tax measures and making them available to support committee work – both the Finance Bill Committee and select committees. This could be part of the Scrutiny Unit, or be based in the NAO or, as in Australia, established as a separate Parliamentary Budget Office reporting to Parliament.[111]

The then Financial Secretary, Jane Ellison, gave a speech at the launch of this report, saying, "this report captures some of the fundamentals that any government needs to get right for effective tax policy making", and that, in the light of the decision to abolish the Autumn Statement, "the Government has listened, and I can assure you that we will continue to listen."[112]

The Chancellor presented the last Spring Budget on 8 March 2017; the Budget report confirmed the Government's plans for establishing an Autumn Budget:

> From autumn 2017, the government's intention is to move towards a single fiscal event each year, an autumn Budget. The Spring Budget takes the first step in that transition. It will move towards a more stable and certain tax environment, helping businesses and individuals to plan better. Where it is possible to do so without creating a forestalling risk, changes will be announced well ahead of the next financial year. From spring 2018, a Spring Statement will respond to the OBR's forecast and will provide the opportunity to launch consultations on future reforms.[113]

Following the publication of the Institute for Government's report, the then Chair of the Treasury Committee, Andrew Tyrie, wrote to the Financial Secretary, supporting a number of their proposed changes to scrutiny process, including the introduction of oral evidence sessions, to be held before the Public Bill Committee began its consideration of the Bill

110 National Audit Office, *The Effective Management of Tax Reliefs*, HC 785 of 2014-15, 21 November 2014; Office of Tax Simplification, *Review of Tax Reliefs: Final report*, March 2011
111 *Better Budgets: making tax policy better*, January 2017 pp48-9
112 HM Treasury press notice, *Financial Secretary speech: "A tax system that works for individuals and businesses alike is steady, measured and consultative"*, 18 January 2017
113 *Spring Budget 2017*, HC 1025, March 2017 para 3.1-2

clause-by-clause.[114] In turn, after the 2017 Budget and the publication of the *Finance Bill 2017*, Treasury Minister Jane Ellison replied to Mr Tyrie's letter; part of her reply is reproduced below:

> I agree that effective Parliamentary scrutiny of the Finance Bill is of particular importance and I am always open to considering how this can be better achieved. However, I am not persuaded at present by the merits of delaying the programming to allow for oral evidence sessions for the following reasons.
>
> Firstly, as you are aware, in line with the new approach to tax policy making, the Government already undertakes extensive consultation with stakeholders, before legislating in the Finance Bill. Policies are now typically developed through an established cycle, whereby an initial announcement at a Budget is followed by policy consultation, the publishing of draft legislation, and finally legislated for in the next Finance Bill. All organisations that submitted written evidence for Finance Bill 2016 contributed to tax consultations for legislation being taken forward in that Bill or Finance Bill 2017.
>
> The consultation on salary sacrifice, for example, received 259 responses from a wide range of tax professional, advisory and accountancy organisations. Through the publishing of draft legislation, we also help to ensure that drafting reflects stakeholders' responses on technical aspects before it is formally introduced in Parliament.
>
> Secondly, one of the distinctive features of the Finance Bill is that the committee stage is split into two parts. In advance of the line-by-line scrutiny carried out at Public Bill Committee, the most contentious issues are considered over the course of a two day debate on the floor of the House. This means that any oral evidence sessions at Public Bill Committee would only be able to consider those parts of the Bill not selected at Committee of the Whole House.
>
> I am therefore not persuaded that oral evidence sessions would be beneficial. As you know, any changes in this area would, in any event, be a matter for the Business Managers and the usual channels.[115]

Following the Prime Minister's announcement, on 18 April, of the Government's intention to call a General Election on 8 June, the House completed all of the remaining stages of the Bill in the Commons on 25 April and the *Finance Act 2017* received Royal Assent on 27 April. With cross-party support the Government removed a series of clauses from the Bill, with the intention of legislating for these at the start of the new Parliament – including certain controversial provisions to introduce a system of mandatory digital tax returns – the 'Making Tax Digital' programme. On this occasion Treasury Minister Jane Ellison said the following:

> The Bill is progressing on the basis of consensus and therefore, at the request of the Opposition, we are not proceeding with a number of clauses. However, there has been no policy change. These provisions will make a significant contribution to the public finances, and the Government will legislate for the remaining provisions at the earliest opportunity, at the start of the new Parliament.
>
> The Government remain committed to the digital future of the tax system, a principle widely accepted on both sides of the House. We recognise the need for the House to consider such measures properly, as called for by my right hon. Friend the Member for Chichester (Mr Tyrie) and his Treasury Committee. That is why we have decided to pursue those measures in a Finance Bill in the next Parliament, in the light of the pressures on time that currently apply.[116]

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114 *Letter from Treasury Committee Chair to Jane Ellison MP relating to improving tax policy making*, 23 January 2017

115 *Response from Jane Ellison MP to Treasury Committee Chair relating to improving tax policy making*, 30 March 2017

116 HC Deb 25 April 2017 c1013

On 13 July the Government confirmed, in a written statement, that a Finance Bill would be introduced to this effect "as soon as possible after the summer recess":

> The Finance Bill introduced in March 2017 provided for a number of changes to tax legislation that were withdrawn from the Bill after the calling of the general election. The then-Financial Secretary to the Treasury confirmed at the point they were withdrawn that there was no policy change and that these provisions would be legislated for at the first opportunity in the new Parliament.
>
> The Government confirms that intention. It expects to introduce a Finance Bill as soon as possible after the summer recess containing the withdrawn provisions. Where policies have been announced as applying from the start of the 2017-18 tax year or other point before the introduction of the forthcoming Finance Bill, there is no change of policy and these dates of application will be retained. Those affected by the provisions should continue to assume that they will apply as originally announced.
>
> The Finance Bill to be introduced will legislate for policies that have already been announced. In the case of some provisions that will apply from a time before the Bill is introduced, technical adjustments and additions to the versions contained in the March Bill will be made on introduction to ensure that they function as intended. To maximise certainty about the exact provisions that will apply, the Government is today publishing updated draft provisions.
>
> The Finance Bill will include legislation for the Making Tax Digital (MTD) programme. Having listened carefully to the concerns raised by the Treasury Select Committee, parliamentarians and stakeholders, the government is announcing policy changes that will be reflected in the legislation to be introduced. Businesses will not be mandated to use the MTD system until April 2019 and then only to meet VAT obligations. This will apply to businesses with turnover above the VAT threshold. Businesses with turnover below the VAT threshold will not be required to use the system but can choose to do so. Businesses will also be able opt in for other taxes, benefitting from a streamlined, digital experience.
>
> The Government will not widen the scope of MTD beyond VAT before the system has been shown to work well, and not before April 2020 at the earliest. This will ensure that there is time to test the system fully and for digital record keeping to become more widespread.[117]

At this time HMRC published updated draft provisions for those clauses which have been amended, as well as a list of all provisions that will continue to apply from the start of the 2017 to 2018 tax year or other point before the introduction of this second Finance Bill. In turn the Finance Bill 2017-19 was published on 6 September, and the *Finance (No.2) Act 2017* received Royal Assent on 16 November.

On 12 September the Chancellor announced that he would present the Government's first Autumn Budget on 22 November, and introduce a Finance Bill after this.[118] The Government published draft clauses for this Bill on 13 September, in line with previous practice in recent years for publishing much of the Bill in draft for consultation.[119] Prior to the Budget the then Chair of the Treasury Committee, Nicky Morgan, wrote to the Financial Secretary, Mel Stride, following up the correspondence the Committee had had with his predecessor, to propose oral evidence sessions for the Finance Bill …

> Jane had two reasons for rejecting Andrew's suggestion of oral evidence sessions at the Finance Bill Committee. The first was that the tax policy making process involves extensive consultation before the clauses are debated in the Finance Bill Committee, and the second was that the most contentious issues in the Bill are debated in the Committee of the Whole House and would therefore be excluded from any oral evidence sessions. I am not persuaded by either of these points.

117 *Finance Bill: Written Statement*, HCWS47, 13 July 2017
118 HM Treasury press notice, 12 September 2017
119 *Draft legislation for Finance (No.2) Bill*, HCWS113, 6 September 2017

> Firstly, consultation at the policy development stage is not universal (and has been particularly limited in 2017 in view of the change to the Budget timetable and the impact of the General Election), and consultation before the Bill is introduced to the House has the potential to be constrained by lack of up to date costings (see my point about TIINs below). Secondly, I cannot see a reason why the Finance Bill Committee should not hear oral evidence on clauses which will be, or even which have already been, debated in the Committee of the Whole House.
>
> As Jane said, any changes in this area would be a matter for the Business Managers and the usual channels. However, their consideration of changes could be helpfully informed by a steer from you, as the lead Minister, that you would be willing to make the necessary provision in the programme motion.

… as well as raising concerns over consultation and impact assessments:

> Jane was more open to suggestions for improving the tax consultation tracker. Stakeholders, including Treasury Committee staff, who are involved in scrutinising a particular tax measure would find it much easier to navigate if all the information about consultations on the measure were in one place, alongside an indication of the Budget(s) in which it was announced and the Finance Bill(s) in which it would be legislated. It would be helpful to have a regularly updated page on Gov.UK where stakeholders could be confident that they are seeing the latest position for all consultations on tax measures.
>
> She also seemed open to the idea of improving the quality of TIINs. Meaningful consultation is helped by having a good quality TIIN at each stage of the process particularly when the draft clauses are published. But I understand that under the new Budget timetable, the OBR will sign off costings in November (Budget) and March (Spring Statement). That means that TIINs which are published with draft clauses (in the Summer) will be less useful than TIINs that were published in the Autumn under the old timetable, since the latest costings will be four months old and they will not have been able to take account of any refinement of the policy following the post-Budget consultation period (from January to April).[120]

In his response Mr Stride stated that the issue of oral evidence sessions "is fundamentally a matter for the Business Managers and the usual channels and I do not wish to encroach on their remit in this area."[121] The Minister was more receptive to the proposal for a tax consultation tracker, confirming that the Government were "engaging with tax professionals and other interested parties on ways to enable stakeholders to see where in the policy development cycle a tax measure is, when consultation will take place and the relevant deadlines." In turn the Treasury launched this 'tax tracker' spreadsheet at the time of the Spring Statement in March 2018. On tax information and impact notes, the Minister made the following comments:

> With regard to Tax Impact and Information Notes (TIINs), the Government will continue to use the publication of legislation in draft to publish corresponding TINNs. Under the new tax policy making timetable, that will take place in July. As there will not be an OBR forecast in the summer, TIINs will reflect the most recent Budget costing but note where policy changes are expected to alter significantly.
>
> On the basis of our experience, we expect that the great majority of TIINs will reflect costings that are not significantly different to the final numbers. We have considered this issue carefully and reached the conclusion that this is the best approach to take, given the importance of OBR assurance on costings.[122]

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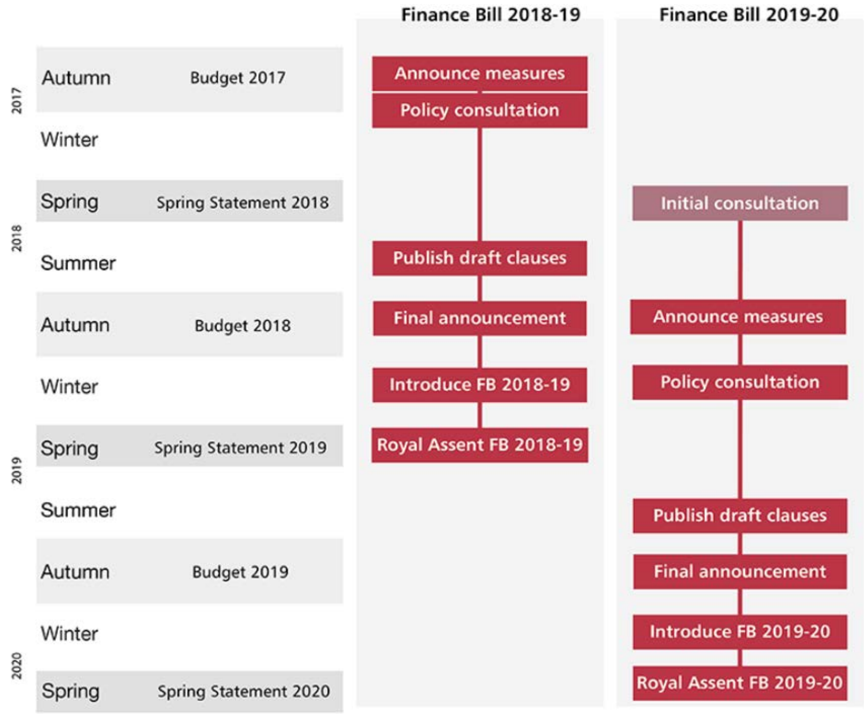
120 Correspondence from the Chair to the Financial Secretary to the Treasury, relating to scrutiny of the Finance Bill, 7 November 2017

121 The Minister reiterated his position on this issue during the Committee stage of the Finance Bill following the Budget (Public Bill Committee, First Sitting, 9 January 2018 cc8-9).

122 Correspondence from the Financial Secretary relating to Finance Bill scrutiny, 23 November 2017

In his letter Mr Stride had noted that the introduction of the Autumn Budget would mean a new Budget timetable, and details of this were published in December: [123]

> Under the new cycle of a single fiscal event each year, most tax policies will continue to be developed through an established cycle, whereby a policy announcement at the Budget is followed by a policy consultation, the publishing of draft legislation, and proposals are finally legislated in the next Finance Bill.
>
> However, to reflect the move of the Budget from spring to autumn, the timing of this cycle will change. Policies will be announced at the Budget in the autumn, and consulted on in winter and over the spring. Draft legislation will then be published in July for technical consultation ahead of the Finance Bill being introduced in the autumn.



As previously announced the Chancellor presented the Conservative Government's fourth Budget – the first to be presented in the Autumn – on 22 November, and the *Finance (No.2) Bill 2017-19* was published on 1 December. Notably when the Government presented the Ways and Means Resolutions underpinning the Bill, it omitted an amendment of the law resolution. As noted, this practice is relatively rare, and has usually be done because the timing of Parliament's dissolution requires the Bill to be proceeded with rapidly. As *Erskine May* explains, in this situation "the scope for amendment of the bill is strictly limited to what is authorized by the specific resolutions on which the bill is founded." [124] After the Budget the issue was raised by the Shadow Chancellor, John McDonnell, at Treasury Questions, and in response the Chancellor indicated this reflected a change in practice:

> **John McDonnell :** Why have the Government not brought forward an amendment of the law resolution in today's Budget resolutions? This is almost unprecedented and a tactic used only when the issue to be dealt with is urgent. It will restrict the ability of hon. Members on both sides of the House to move amendments and to address the range of economic and social needs of our community.

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123 HM Treasury, *The new Budget timetable and the tax policy making process*, 6 December 2017
124 25th edition 2019 para 36.38

> **Mr Hammond :** The right hon. Gentleman is wrong: it is not without precedent. We did not move an amendment of the law resolution in relation to the Finance Bill that has just gone through Parliament. It is a small but worthwhile modernisation measure that focuses the debate on the measures that we are putting before Parliament in the Finance Bill.[125]

The issue was also raised by Valerie Vaz at Business Questions on 30 November:

> Transparency and accountability are the watchwords of our democracy, so perhaps the Leader of the House will explain why there is no general "amendment to the law" resolution. There have been only five occasions when that has not happened at such a time. In 1929, it happened immediately before a general election. On the other occasions, in 1974, 1997, 2010 and July 2017, it happened immediately after a general election. "Erskine May" points out that: "On occasions, and in particular when it has been necessary to proceed rapidly with a Finance Bill in anticipation of a dissolution of Parliament, the 'Amendment of the law' resolution has been omitted."
>
> Will the Leader of the House update us on the Government's thinking on why there is not a chance for the Opposition parties to put forward our alternative case? …
>
> **The Leader of the House of Commons (Andrea Leadsom) :** The hon. Lady made a point about the Opposition's ability to put forward an alternative case on the Finance Bill. I will write to her on that point, if I may, because I am actually looking into the matter at the moment.[126]

Ms Leadsom's letter does not appear to have been deposited in the Library, although the issue came up briefly during the Bill's Second Reading on 11 December. On this occasion Dame Margaret Hodge asked the Minister if he could explain "why he has limited the scope of the Finance Bill in such a way that amendments cannot be tabled to ensure that we have a date by which measures such as country-by-country reporting, which is crucial to bringing in tax that is otherwise avoided, should be introduced?" The then Financial Secretary Mel Stride replied:

> I think that the right hon. Lady is referring to an amendment of the law resolution. The previous Finance Bill was introduced under exactly the same Ways and Means procedure. There is nothing in the resolutions that prohibits full, open and proper discussion and scrutiny of the Bill. It will go through all its usual stages, including two full days in Committee of the whole House, and eight sittings—if it takes that amount of time—upstairs in Committee, before coming back to the Chamber for Third Reading.part of the House's consideration of the Bill, although there a short exchange of views on the case for the Finance Bill to have oral evidence sessions at the start of the Bill's Committee stage.[127]

At a later stage of the debate Kirsty Blackman reiterated the question, and Mr Stride said, "We did not have an amendment of the law resolution on the previous Finance Bill, so we are carrying on with the situation that pertained to that Bill. As I explained, what matters is that we have an opportunity fully to scrutinise in this House the various measures provided and amendments that may be tabled in relation to those measures. There is nothing preventing that. As I have outlined, the Bill will go through its various stages, allowing for very thorough scrutiny."[128]

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125 HC Deb 28 November 2017 c155. The Chancellor is referring to the passage of the *Finance (No.2) Act 2017*, which contained those provisions removed from the Finance Bill presented after the Spring Budget, in the light of the Government's decision to call a General Election on 8 June. The Ways and Means Resolutions underpinning this second Bill were agreed on 6 September, though the absence of an amendment of the law resolution does not appear to have been raised at the time (HC Deb cc196-275).

126 HC Deb 30 November 2017 cc485-6, cc487-8

127 HC Deb 11 December 2017 cc69-70

128 *op.cit.* c76

Following the Government's new Budget timetable, the OBR published its *Economic & Fiscal Outlook* on 13 March 2018, and the Chancellor set out the Government's response in a statement to the House. The Spring Statement did not make any tax or spending decisions, although a number of consultations were announced at this time.[129] In turn the Government published draft provisions to be included in the next Finance Bill in July.[130]

The Chancellor presented the Autumn Budget on 29 October,[131] and the *Finance (No.3) Bill 2018-19* was published on 7 November.[132] As happened the year before the Ways and Means Resolutions underpinning the Bill did not include an amendment of the law resolution. There was some criticism of the Government's approach during the Bill's scrutiny,[133] although no indication on the part of Ministers that they were willing to reconsider this. The issue of oral evidence sessions also came up during the Bill's passage, specifically at the start of the Public Bill Committee's consideration of the Bill. Kirsty Blackman tabled an amendment to the programme motion, setting out the timetable for the Committee's proceedings, that would have set a day for hearing evidence:

> The Finance Bill Committee should take evidence. I know that it is a long-standing convention that it does not, but having served on the Public Bill Committee on the Taxation (Cross-border Trade) Act 2018 and heard the evidence taken, I know how useful it was for Committee members and how many of them referred to it in subsequent debate. It was an incredibly useful exercise and the legislation that came forward was better as a result … The Government might not accept that this year, but can we consider taking evidence in future years? I am not the only one calling for this. The "Better Budgets" report produced by the Chartered Institute of Taxation and various other organisations called for the Finance Bill Committee to take evidence two and a half years ago, so external organisations have requested it, not just the SNP.[134]

Speaking for the Opposition Peter Dowd agreed with the case for the Committee taking evidence:

> There might not be a convention or a tradition to take evidence in Finance Bills, but there comes a time when we think, "This is as good a time as any to take evidence because the circumstances have changed substantially."
>
> We have also had what amounts to movement on the convention in relation to the amendment of the law. As everybody knows, it has been used only about half a dozen times since 1929 when Winston Churchill introduced it. It has been used six or seven times, including three times by the Government in less than that period in years. That is a substantive and significant change. The Minister kindly responded to my letter about that and indicated that it was not necessarily a significant change, but it is. If we as a Committee—as a House—have done something only six or seven times in the best part of 90 years, changing that convention is significant. For that reason as well, we need to take a step back and decide that perhaps we need evidence sessions to tease out some of those important things.[135]

In response Treasury Minister Mel Stride acknowledged that "it is of course important that the provisions of the Bill receive sufficient parliamentary scrutiny", but went on to argue "the Government's tax policy making framework ensures that that occurs, and I do not think that evidence to a Public Bill Committee would effectively further that aim":

129 Written Statement HCWS541, 13 March 2018
130 Written Statement HCWS834, 6 July 2018
131 The date had announced in September (HM Treasury press notice, *Budget 2018 date confirmed*, 26 September 2018).
132 Finance (No.3) Bill: Written Statement, HCWS1002, 15 October 2018
133 For example, during the Bill's Second Reading (HC Deb 12 November 2018 cc54-148), by Peter Dowd for the Opposition (*op.cit.* c63), and Kirsty Blackman for the SNP (*op.cit.* cc74-5).
134 Public Bill Committee (Finance Bill), *First Sitting*, 27 November 2018 c5
135 *op.cit.* cc5-6

> We accept that any additional evidence sessions would certainly increase the amount of scrutiny of the Bill, but that is not the same as saying that, in the absence of such sessions, the scrutiny of the Bill would be insufficient … or indeed that additional days of evidence would provide a proportionate response to the need for scrutiny.
>
> First, in line with the new approach to tax policy making set out in the Government's 2010 framework, the Government already undertake extensive consultation with stakeholders before legislating in the Finance Bill … There is a process that we go through, which starts with the Budget announcement. We then go into formal consultation, which is applied to a number of measures within the Bill. We also of course publish draft clauses—I think that was on 6 July this year. I believe that around 226 pages of draft legislation were published at that time out of a total Bill length of 315 pages. It is considerable. We have received written evidence, the Bill will go through this Committee, it was considered by Committee of the whole House, we will then have Report stage, and we will examine amendments all the way through. The level of scrutiny received by a Finance Bill is well in excess of most Bills that come before the House.
>
> My second point … relates to the fact that the Bill was considered in Committee of the whole House. Were the amendments to prevail, any evidence session in this Committee would not capture the important issues debated in Committee of the whole House. The Committee should be aware that Committee of the whole House is, I would argue, where the more important measures are considered, and they are put to the whole House rather than simply the members of this Committee ...
>
> The IFS, the OBR and others produce analysis of Budget measures before or after the event. They also typically give oral evidence to the Treasury Committee on the Budget as a whole before the Committees on the Finance Bill. Oral evidence at a Public Bill Committee will replicate that analysis while limiting its scope to those parts of the Bill not selected for the Committee of the whole House.
>
> Finally, the programming of business is a matter for business managers and the usual channels. Those channels establish the programme motion that was agreed by the Programming Sub-Committee, which is made up of Government and Opposition Members. They were not persuaded that oral evidence sessions would be beneficial and, I am afraid, neither am I.[136]

On 11 July 2019 the Government published draft provisions to be included in the *Finance Bill 2019/20*, to be presented after the 2019 Budget in the autumn; some of these follow earlier consultation exercises, others provide for certain technical changes, while a third group are to have immediate or retrospective effect.[137] This draft legislation is on Gov.uk.[138] On 14 October the then Chancellor, Sajid Javid, announced that the Budget would be presented on 6 November,[139] but reversed this decision on 25 October in anticipation of a General Election.[140] Following passage of the necessary legislation, which received Royal Assent on 31 October, the General Election was held on 12 December.

Following the Conservative Party's election victory, on 7 January Mr Javid announced that the next Budget would be presented on 11 March 2020.[141] The date was confirmed by the current Chancellor, Rishi Sunak, in a letter to the Office for Budget Responsibility on 27 February.[142] On 25 February the Financial Secretary, Jesse Norman confirmed that the

136 *op.cit.* cc9-11. In the event Ms Blackman's amendment was rejected by 10 votes to 8.
137 Written Statement HCWS1713, 11 July 2018; HM Treasury press notice, *Finance Bill 2019-20: government publishes draft legislation*, 11 July 2019
138 As is standard practice, HM Treasury & HMRC have published tax information & impact notes on these measures, but also 'impacting definitions' for these notes.
139 HM Treasury press notice, *Budget 2019: Announcement regarding the date of the Budget*, 14 October 2019
140 HM Treasury, *Chancellor Letter to the Treasury Select Committee on the Budget*, 25 October 2019. See also, Treasury Committee, *Letter from Chair to Chancellor of the Exchequer, relating to the cancelled Budget*, 29 October 2019
141 HMT press notice, *Chancellor launches Budget process to usher in 'decade of renewal'*, 7 January 2020
142 HM Treasury, *Letter from the Chancellor to the Chair of the OBR*, 27 February 2020

Finance Bill would be published on 19 March, and that the Government remained "committed to legislating those measures published in July 2019, subject to confirmation at Budget 2020."[143]

The Chancellor presented the 2020 Budget on 11 March.[144] The *Finance Bill 2019-21* was published on 17 March 2020, and following its scrutiny by the House, the *Finance Act 2020* received Royal Assent on 22 July 2020.[145]

At the time of the 2020 Budget the Government published eleven tax policy consultations and calls for evidence, and on 28 April it announced that, in the light of the significant disruption due to Covid-19, it would extend the deadlines for responses for a number of these, and delay the publication of a number of other tax policy documents.[146] Draft provisions to be included in the next Finance Bill were published on 'L-day' on 21 July.[147]

With the continuing economic impact of Covid-19, the Chancellor gave three statements on the economy over the last few months, each including a series of measures to boost job creation: *A Plan for Jobs* on 8 July,[148] the *Winter Economic Plan* on 24 September,[149] and an *Economic Statement* on 5 November.[150] During this time the Chancellor also announced that the OBR will publish an economic and fiscal forecast, and that this would coincide with a one-year Spending Review.[151]

In turn the Chancellor presented the Spending Review on 25 November,[152] and announced on 17 December that the next Budget would be presented on 3 March 2021.[153] Prior to this it was widely reported the Budget would be in the Spring.[154] At this time the Treasury updated its guidance on the procedure for submitting a Budget representation – that is, a written representation from an interest group, individual or representative body to the Treasury with the aim of commenting on government policy and/or suggesting new policy for inclusion in the upcoming Budget.[155]

The Chancellor presented the 2021 Budget on 3 March.[156] The full list of Budget resolutions was published the same day, and as before, the list does not include an amendment of the law resolution.

A second tranche of draft provisions for the forthcoming Finance Bill, to follow the 2021 Budget, was published in November 2020, following the outcome of a number of

143 Finance Bill 2020: Written Statement - HCWS122, 25 February 2020
144 HC Deb 11 March 2020 cc278-293
145 Further material, including Library briefing papers on selected measures in the Bill, are presented in, *2020 Budget & Finance Bill 2019-21*, Commons Debate Pack 2020-70, 23 July 2020.
146 Written Statement HCWS211, 28 April 2020
147 Written Statement HCWS400, 21 July 2020. The Government had confirmed the timing of L-day a few days prior to this: HCWS356, 13 July 2020.
148 HC Deb 8 July 2020 cc973-8; HM Treasury, *Plan for Jobs*, CP261, July 2020.
149 HC Deb 24 September 2020 cc1153-5; HM Treasury, *Winter Economic Plan*, CP297, September 2020
150 HC Deb 5 November 2020 cc502-4; HMT press notice, *Government extends Furlough to March and increases self-employed support*, 5 November 2020
151 Written Statement HCWS447, 11 September 2020; HMT press notice, *Spending Review to conclude late November*, 21 October 2020; Treasury Committee, *Letter from the Chief Secretary to the Treasury, relating to the spending review*, 21 October 2020.
152 HM Treasury, *Spending Review 2020*, CP330, November 2020; see also, OBR, *Economic & Fiscal Outlook*, CP 318, November 2020
153 Written Statement HCWS679, 17 December 2020; HMT press notice, *Budget 2021*, 17 December 2020
154 see, Treasury Committee, *Letter from the Chair of the TSC to the Chancellor regarding the Budget*, 1 October 2020; Public Accounts Committee, *Oral evidence: COVID-19: Support for jobs*, HC 962, 12 November 2020 Q103).
155 HM Treasury, *Budget representations: guidance*, 15 January 2021. Representations were invited up to 14 January 2021.
156 HC Deb 3 March 2021 cc251-262

consultations launched in Budget 2020.[157] It is anticipated that the Finance Bill 2021 will be published on 11 March (Written Statement HCWS799, 25 February 2021).

In a small change of practice, the Government plans publish a number of tax consultations and calls for evidence after the Budget, on 23 March.[158] In a letter to the Treasury Select Committee the Financial Secretary explained, "the goal of making these announcements separately to the Budget, but still all on a single day, is to give a range of important but less high profile measures greater visibility among, and opportunity for scrutiny by, Parliamentary colleagues, tax professionals and other stakeholders." The Minister went on to say, "the Treasury does not have any plans at this stage to update the current tax policy making framework, but it will seek stakeholder views before deciding on whether to make permanent changes, including of course from the Treasury Committee."[159]

Just before the Budget the Committee completed an inquiry, *Tax after Coronavirus*, and as part of this, noted concerns that "the Government does not always stick to its own tax policy-making process":

> To take one recent example, a consultation on the potential approach to duty- and tax-free goods arising from the UK's new relationship with the EU was quite open in setting out a range of options; but abolition was not trailed as a leading option, and the decision at the end of the consultation to end both the VAT Retail Export Scheme and the Airside VAT concession was contrary to the thrust of submissions to the consultation from retailers and airport operators, who were taken by surprise.[160]

The Committee suggested that if this process "cannot be followed, for example because there is not enough time to cover all the stages before a change needs to be implemented, the Government should be open about it and should set out its reasons for doing so."[161]

More widely than this, the Committee argued that there was a strong case for the Government introducing a tax strategy "setting out what the Government wants to achieve from the tax system and identifying high level objectives":

> In April 2020, the Institute for Government published a report titled *Overcoming the Barriers to Tax Reform*, in which it proposed that the Government should set clear objectives for the tax system as whole. The Institute suggested five advantages which a tax strategy with objectives would offer,[162] which may be summarised as follows:
>
> - Clear objectives would allow the Government to better explain tax reform to the public;
> - Objectives would allow Government to plan effectively over longer periods;
> - Declared objectives should enable other departments to engage better with the Treasury to help ensure consistency between policies;
> - Objectives would allow Members of Parliament to better hold the Government to account on whether tax announcements had met their stated goals; and
> - Clear objectives could help build cross-party consensus.
>
> …

157 Written Statement HCWS572, 12 November 2020. This draft legislation and accompanying impact notes are collated on Gov.uk.
158 HM Treasury press notice, *Government to publish rage of tax consultations and calls for evidence on 23 March*, 18 February 2021. As noted, the current status of ongoing and closed tax consultations is provided by the Treasury's public tax tracker.
159 Treasury Select Committee, *Tax after Coronavirus follow-up letter - FST to TSC*, 18 February 2021
160 Treasury Select Committee, *Tax after Coronavirus*, HC 664, 1 March 2021 para 226
161 *op.cit.* para 230
162 Gemma Tetlow & others, *Overcoming the barriers to tax reform*, Institute for Government, April 2020 p39

We recommend that the Government should draw up a draft tax strategy for consultation. We propose that any such strategy should include principles for:

- ***The role of the tax system in meeting fiscal goals***
- ***Securing a neutral tax system which treats similar activities in similar ways, including fair taxation of different structures of work***
- ***Ensuring that taxation is progressive and fair to future generations***
- ***Meeting climate change goals for net zero and other environmental objectives whilst giving consideration to those who are on lower incomes***
- ***Ensuring growth of business and employment, including a new business tax roadmap to provide investment certainty for business and a five to ten-year strategy for corporation tax rates***
- ***Reducing the tax gap***
- ***Indirect taxes such as VAT which were previously covered by EU law which no longer applies***
- ***Reducing compliance costs, especially through appropriate tax simplification.***[163]

To date the Government has not published a response.

[163] Treasury Select Committee, *Tax after Coronavirus*, HC 664, 1 March 2021 para 221, para 212, para 221

6. Selected further reading

Institute for Fiscal Studies/Tax Law Review Committee, *Making tax law*, March 2003

Liaison Committee, *Second report: Parliament and government finance: recreating financial scrutiny*, 21 April 2008, HC 426 2007-08: in particular chapter 2 of the report "A short history of financial control and scrutiny"

Chartered Institute of Taxation, *The Making of Tax Law*, June 2010

Institute for Fiscal Studies/Tax Law Review Committee, *Tax policy making in the UK - Discussion Paper 8*, June 2010

HM Treasury, *Tax policy making: a new approach*, June 2010. Further details on this approach is given in, *The new approach to tax policy making: a response to the consultation*, December 2010; and, *The Government's Tax Consultation Framework : Summary of Responses and finalised Framework*, March 2011.

Treasury Select Committee, *Principles of tax policy*, HC 773, 15 March 2011

"Public money", Paul Evans, *Dod's Handbook of House of Commons Procedure*, 8th ed 2011 pp94-106

Paul Johnson, *Better Budgets: making tax policy work - Institute for Fiscal Studies Briefing Note BN137*, February 2013

Paul Johnson, *Tax without design: recent developments in UK tax policy - IFS Working Papers (W14/09)*, 13 May 2014

Institute for Government/CIOT/IFS press release, *It's time to talk about tax, experts tell Hammond*, 3 October 2016

Institute for Government/CIOT/IFS, *Better Budgets: making tax policy better*, January 2017

Colin Lee & Phil Larkin "Financial Control and Scrutiny", in, Horne & Drewy eds., *Parliament and the Law, 2nd* edition, 2018

Gemma Tetlow and others, *Overcoming the barriers to tax reform*, Institute for Government, April 2020

Treasury Select Committee, *Tax after Coronavirus*, HC 664, 1 March 2021

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