

Consultation on tax is meaningless when you only ask on...

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I'm appearing before the House of Lords Economic Affairs Finance Bill sub-Committee this afternoon to respond to questions on the government's new approach to taxation policy, anti-avoidance, disguised remuneration and corporation tax reform. I have only submitted written evidence on the latter, which will be published later, but I'll certainly be offering comment on all these issues.

In particular I expect to have a lot to say on the government's proposed changes in the way in which tax legislation is developed. I have some experience in tax consultation processes, having spent a lot more time in the Treasury over the last few years than this blog has ever implied. And I candidly think that the proposals to increase consultation are anti-democratic and will result in significant bias in UK tax legislation.

There are three reasons. First, to be consulted you need to be have the time available to take part without being paid. Only the rich and their agents can do that. Second, consultation focusses on the means and not the ends of tax law - and so distracts from the fact that the current ends of tax reform are to reduce taxes on wealth and high income and shift them to the lower paid. Third, this is a democracy. Outsourcing tax thinking to the Big 4 accountants and their friends is yet another act that undermines the democratic process.

So what can be done? Well, again three things. First, if there is to be consultation then it must be broadly representative and positively seek to be so. If necessary that means that payment must be made to those taking part. Second, parliament must have resources to commission its own reviews of legislation. thirdly, consultation must be on the ends and not just the means of tax law.

Until that happens we'll get the outcome noted by EU aid coalition Eurodad in a mail they sent me the other day:

As you may know, this year the EC extended the mandate of and expert group dealing with transfer pricing matters until March 2015, the EU Joint Transfer Pricing Forum

(JTPF) which:

- a) assists and advises the European Commission on transfer pricing tax matters;*
- b) works within the framework of the OECD Transfer Pricing Guidelines.*

In February, DG Taxud opened a call for applications for non-governmental members for the expert group. Eurodad put forward an application (see below), however, the call for applications resulted in the selection of 16 members ALL from the private sector, including the big four. The group has one rep from each EU member state, plus 16 reps from the private sector. Affiliations for the latter are as it follows:

- CMS Bureau Francis Lefebvre (chairperson)*
- Volvo*
- Unilever*
- Fiat*
- BAE Systems PLC*
- OMV AG*
- Deloitte*
- Andersen Legal*
- Nokia*
- GK International Tax Consulting*
- Royal Dutch Shell*
- LVMH Moët Hennessy Louis Vuitton*
- Berkshire Hathaway*
- Ernst & Young*
- KPMG*
- PwC*
- Sanofi-aventis*

For more information, [click here](#).

That's not consultation. That's law creation by business for the benefit of business. And at the very least that's anti-democratic, n