

House of Lords say HMRC has a duty to consult more wide..

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The House of Lords Economic Affairs Committee [report on the Draft Finance Bill](#) was published a couple of days ago and I have now had a chance to read it. There is much I could quote: indeed, the Committee, not whom I gave evidence, seem keen to quote me on this occasion, but one issue stands out.

Richard Brooks of Private Eye and I gave evidence to the same session of the Committee and amongst the matters on which we were questioned was supposed reform to HMRC's consultation processes. As the Committee report:

Mr Murphy suggested that the consultation process was a closed shop because the people who had real influence were those who were invited to "face-to-face meetings in the Treasury, and very few smaller firms will be invited in to do that, I suspect." Mr Brooks thought that officials were unwilling to engage with individuals or organisations outside the mainstream. A similar theme emerged from the OUCBT [Oxford University Centre for Business Taxation] report which concluded that, in all tax jurisdictions, "tax policy is made and influenced by a very small group of people ... The narrowness of the process has the potential to create unbalanced outcomes in the absence of other safeguards."

Their Lordships recorded the response of HMRC as follows:

Asked about the difficulties individuals, academics and non-mainstream organisations might face in accessing HMRC and Treasury officials, Mr Quelch maintained that HMRC's consultation processes were very open and transparent and that he could see nothing "preventing any individuals who have an interest in UK tax legislation providing that response in that way through a consultation exercise."

And the Lords concluded as a result:

We recognise the progress made by the Government in formalising and extending the scope and quality of consultation processes on tax policy-making. We also understand how difficult it is to engage with small businesses and with individual taxpayers, but we

consider that more needs to be done to devise innovative ways of reaching out to these groups. We therefore recommend, as did our predecessor Committee in 2011, that HMRC and HMT urgently develop and publish comprehensive strategies for consulting smaller businesses, non-business stakeholders and other groups.

The HMRC response was interesting. As a matter of fact we know that there is an unlevel playing field in terms of HMRC access. Funding is a clear part of this issue, and it is beholden on HMRC and the government to fund alternative opinion if it wants good tax policy (and before anyone bleats of my promoting self-interest, the issue is as much about smaller firms and individuals having access as NGOs: all suffer the same problem).

I am not expecting to be inundated with new initiatives from HMRC. When it's board is packed with the vested interests who are consulted with at present the likelihood of real change is low, but I can always hope.

And I may request more meetings.