

## An Office for Tax Responsibility: an idea whose time is...

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I floated the idea of an Office for Tax Responsibility at the [PAC Conference](#) yesterday, and the response was interesting and favourable from some key parties. Discussion of it will now progress. [I put the idea forward on the blog recently](#).

But this morning I found that this was not the first time I had done so. [I also wrote what follows in 2010](#). I think it worth sharing again:

*The government's finances are in a mess.*

*The most obvious solution for solving the mess — [resolving the tax gap](#) — is being ignored.*

*I offer this solution, which I know at least one MP tried to table as an amendment to the Finance Bill yesterday:*

COMMITTEE OF THE WHOLE HOUSE

FINANCE BILL

*The Office for Tax Responsibility*

*To move the following Clause:*

- 1. There shall be established The Office for Tax Responsibility.*
- 2. The Office for Tax Responsibility shall report to but be independent of the Chancellor of the Exchequer and shall also be independent of HM Treasury and HM Revenue & Customs.*
- 3. The Office for Tax Responsibility shall be managed by the Director for Tax Responsibility who shall be supported in their work by not less than two and not more than four Commissioners for Tax Responsibility who shall with the Director of Tax Responsibility constitute the Board of the Office for Tax Responsibility.*

*4. The Office for Tax Responsibility shall:*

- a. Be afforded such budget as shall be required for it to undertake its duties as laid down in this law;*
- b. Shall be given the right to access all such information held by such other government departments, agencies, local authorities and authorities established under statute as it in its sole discretion shall determine is required to fulfil its duties laid down in this law subject to the sole requirement that all obligations to respect the confidentiality of those with whom those such other agents of government engage shall be also be assumed by the Office for Tax Responsibility when using data those agents of government shall supply to the Office for Tax Responsibility for the purpose of undertaking its duties;*
- c. Engage such staff (including the Director and Commissioners) as it needs to fulfil its duties, such staff to not be seconded from other government departments, agencies, local authorities or authorities established under such statute and such staff not to be seconded to it by any entity registered at the time such secondment shall take place as a tax agent by H M Revenue & Customs.*

*5. The Office for Tax Responsibility shall report annually on:*

- a. Its best estimate of the UK tax gap. In so doing it shall:*
  - i. Calculate the tax gap separately for each of income tax, national insurance in all its forms, corporation tax, value added tax, excise and customs duties in all their forms, stamp duty in all its forms, capital gains tax, inheritance tax, petroleum revenue tax, landfill tax, air passenger duty, insurance premium tax, climate change levy, aggregates levy, domestic rates and business rates but with specific requirement being made that the interaction of the tax gap calculated for any one tax be specifically considered when estimating the tax gap for any other tax before preparing and publishing an estimate of the total annual UK tax gap;*
  - ii. Use a methodology for calculating the tax gap that estimates the net theoretical tax liability for the particular tax subject to calculation within the UK economy as a whole from which is then subtracted the actual receipts for the tax in question to produce an estimate of the annual tax gap for the tax subject to calculation;*
  - iii. Analyse the tax gap with regard to each tax between that attributable to tax evasion, tax avoidance and unpaid or late paid tax;*
  - iv. Publish its methodology and workings with regard to the calculation of each component of the tax gap subject only to withholding such information as is required to prevent any breach of taxpayer confidentiality;*
- b. Progress made by H M Revenue & Customs in closing the tax gap;*

*c. The methods it would propose H M Revenue & Customs and other agencies, if appropriate, shall adopt to better tackle the tax gap;*

*d. Those legislative changes required, in its opinion, to close the tax gap;*

*e. The budget resources that in its opinion H M Revenue & Customs and those other agencies addressing this issue will require to address the tax gap it identifies;*

*f. Its forecast of the taxation and other benefits that might arise from allocating such resources for the purpose identified in paragraph (e) above: other benefits for this purpose to include all those social benefits resulting from tackling the tax gap;*

*6. The Office for Tax Responsibility shall engage with those persons who wish to make representations on matters relating to the tax gap so that those persons concerns and expectations for the closing of that tax gap are reflected in the work of the Office for Tax Responsibility.*

*Is it perfect drafting? I'm sure not — I dedicated less than an hour to this.*

*Would it make one heck of a change to our well being, the way we manage tax in the UK and the way we view state finances?*

*You bet it would.*

*Maybe that's why the Clerks to the House were, I gather, resisting it being tabled.*

*I'd add I would also now have it look at issues such as tax spending (i.e. allowances, reliefs and their impact) as well as the tax gap and I would have it report to the PAC.*

*What I would not have it do is review draft legislation: that is parliament's job and to have such a body do that would be undemocratic.*