

Tax headline makers

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Labour's adoption of a policy to end the non-dom rule has helped it take a poll lead. Even though most people realise that the policy has little direct impact on them personally they do also know that it is about delivering social justice and most suspect it will raise some money. This is important for two reasons. First it proves that money is not the sole criteria for the popularity of a policy. Secondly, it suggests that principles very definitely matter. Both are good news.

But if this has worked once can it work again and what are the ideas that might have something like the same impact? There can't be many because there's not that much time before polling day, so I offer three.

First, commit to 20,000 new staff at HMRC. The cost would be less than £1 billion but on average HMRC staff raise between 10 and 20 times their employment cost. Let's keep the estimate at the low end of the scale and this policy would yield billions in additional revenue. This in turn would prevent cuts of similar amount, all paid for by making tax cheats pay. I can't see how that won't win votes.

Then commit to reforming HMRC. Its management has failed miserably in front of the Public Accounts Committee and its Board is totally dominated by representatives of big business. So commit to bringing it back under proper control and making it work for everyone by delivering a top down reorganisation that ensures it holds big business to account in the future. Again, I can't see how that could fail to deliver.

What else? Of all the ideas for tax reform I have put forward of late the one to pick has to be simple and consistent with other themes. Aligning capital gains tax rates with income tax rates seems to do that to me. First, there is no obvious logic why capital gains that are unearned should be taxed at a rate lower than that paid on income. Second, this would, quite rightly, be about redistribution. Third, when inflation is but a memory this is fair. And fourth, it's what Nigel Lawson did.

I stress, I have no idea if any of these will happen. I have no more say on such matters than anyone else. But they are what I would do.

There's plenty more to be done, but they're for a first budget. These are about politics and I think they'd work.