Funding the Future

If we're going to hold our politicians to financial acc...

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Jeremy Corbyn published his tax return. Why he or anyone else declared his income from being leader of the opposition as a pension is hard to work out, although it may be deeply Freudian. I would suggest he gets some decent advice next time. But, many say, at least he did it and Phili Hammond has not.

Well, yes and no. Of course I am in favour of transparency, but the simple fact is that tax returns are not very good mechanisms for delivering public accountability. They're not designed to do that, and they don't. That is why the House of Commons has a Register of Members' Interests, which is both necessary and also subject to numerous noted misreportings.

So what could be done? The need is to make good any deficiencies in the reporting mechanism to get an objective assessment of the conflicts of interest to which a member of Parliament might be exposed. That's it: I am presuming that tittle tattle is not the objective, even though it is clear that for much of the media it might be. How can this objective be achieved?

First, not with the tax return alone: that simply makes no sense. It is a cumbersome beast at the best of times. If the income of MPs need be declared (and there are good reasons for thinking this appropriate) then a summary would be more than enough. Simply list source, amount of gross income, expenses claimed, net income subject to tax and then tax due and that task will be done. One page would suffice for the vast majority of MPs, I am sure. Listing each source of investment income exceeding a de minimis limit (I suggest £500) would seem to be appropriate: at that point it may be significant.

But such disclosure would hardly suffice. What of the companies that MPs might own or at least have an interest in and which they may not have received payment from in the current year but where they might in the future? Shouldn't links with those entities also be disclosed when above a material limit (1% of the company would seem to be about right in this case)? A list naming the comany, the ownership stake, how it is held (for example, arrangements via trusts should be dsiclosed), what the net profit before tax and tax due was would all seem appropriate.

Details of rental property would also seem appropriate. I can see good reason why precise addresses should not be dsiclosed: there are tenants to consider. But broad locations, estimated value, gross rents, expense and interest offsets and net taxable sums would again seem appropriate.

And all other sources, such as self employments and interests in partnerships must be disclosed, wth summary accounts, whilst trusts and any offshore structure of any sort (without de minimis limitation) would seem to be essntial disclosure even if in the year in question there was no income but there might be at a time in the future.

What is more, if arrangements have been made with third parties to benefit the close family of the MP (spouse, civil partner, long term partner, minor children) then that too must be recorded. These are all too easy ways tio get round rules.

Then, and only then, might a view of the influences on the parliamentarian be formed. And by no means all of what I note need be on a tax return. Which is why tax return disclosure is both not enough and simultaneously too much information. I wholeheartedly agree that we should know what financial interests might influence our politicians but if we're going to demand such in formation let's do it properly. Ad hoc publication of tax returns is a loving way short of that.