

Happy new tax year

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I mean it. It's 6 April. It's the start of a new tax year. And tax is a good thing. So why not say 'Happy new tax year'?

The obvious response is that no one enjoys paying tax. But I am not sure that's true. No one actually enjoys paying for anything. Just ask them. If they can get something for less very few will deny that they would prefer it. And marketers know it: that's why price is used as an incentive on so many occasions. But the fact that price is an issue does not mean people stop buying things. It's the same with tax: the fact that people would like to get the services they enjoy for less does not actually mean they would not pay for them still. So I'm not convinced people don't like paying tax. They're just grumbling about the price.

In that case what else is the problem? HMRC's attitude could certainly be a factor. From patronisingly calling people customers when it is blatantly obvious that we are not to tell us that [demanding six tax returns a year is simpler than submitting just one](#), it's as if HMRC go out of their way to alienate taxpayers. Making it as hard as possible to sort out tax problems just adds to that sense of alienation. This one I understand.

But get through the irritations (I queue in the supermarket and still go back, after all) and what is the real objection to celebrating tax? I suspect there are three.

The first is alienation from government itself. This is real, and populist politics that feeds on it also provides some evidence that for a minority this is an issue of significance. A quick PR campaign will not resolve this. People have been told for too long that government is not good for them and some now believe it. A long term political shift, right across the board, saying that the role of government is vital if society is to survive is the critical factor in changing this sense of alienation. That it's very obviously counter cultural to say government is a good thing when so much of what it does is at the heart of what people want done well is the best evidence there is of the existence of this problem, and that changing this attitude (which also requires things to be done better) would be of enormous benefit.

Then there is a lack of understanding of what government, and the taxes it charges, actually does. How many people really think about just how much they are really dependent upon the existence of good government, the rule of law and the services the government provides to make a great deal of life possible? And I mean possible, not better. Without the infrastructure the state supplies there would be no markets of the sort we know to provide us with anything else. But awareness of that is, I suspect, quite low.

Third, the understanding of tax in all this is low. Most people, including the vast majority of politicians, still think that tax pays for government services. It doesn't. Tax reclaims the money the government has spent. That's because the government can always create the money it needs to spend anything it wants: the pound in your pocket is tangible evidence of that. You did not make that pound: the government did. And the government's spending it into existence gave it value; that and the fact that you have to use it to pay your taxes are why it has worth in exchange. And if that was understood then it would be appreciated that the tax we pay is overall dependent not upon what we earn, but upon the level of government spending. That's because the more the government spends the more money it has to claim back in tax to prevent inflation, but the better off we all are because of the greater quantity of government services we enjoy within the capacity of the economy.

It's my suggestion right now that all these three combine to create a perception that tax is poor value for money, and so is resented. This is explained by the fact that as services are cut tax is not falling as much and therefore value for money is declining and so resentment is increasing about having to pay more for less, and no one likes this. What is more, many will be perplexed as to why we do need to cut when it is so obvious that there is so much capacity within the economy to do more and yet the government is refusing to do it. Saying we can't afford social care, for example, makes no sense to most people when it so obviously saves money in the NHS and there are people willing to provide the services if only they were funded. Instinctively people know austerity does not work and yet they know that they are being asked to pay for it. Of course they don't like tax right now in that case. And of course they feel alienated from government as a result.

So they don't say happy new tax year. And the reason why, I suggest, is that completely counter culturally they're not paying enough tax to really enjoy the benefits of it. Buyer regret is always high when we pay for a barely adequate product. That's exactly what the government is supplying at present. And we could change that by having more of a good thing. The good thing is more and better government services. And the fact is that if they were made available we'd all be able to pay more tax because we'd both be a lot better off, and we'd have the capacity to do so.

Happy new tax year.