

## We need a Ministry of Tax

Published: January 13, 2026, 7:42 am

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The [FT has reported this morning](#) that:

*A Treasury decision to hold a “tax day” three weeks after the Budget will be a bellwether for long-term changes in government tax policy, including on capital gains and environmental levies, tax experts said.*

*Last week the Treasury said it will simultaneously publish a number of consultations relating to tax policy on March 23 – a day being dubbed in Whitehall as “tax day”.*

I think this significant. It says that tax has a role in addition to that seen within the conventional budget cycle. I have long argued that it has. I suggest that there are six reasons to tax:

- 1) To ratify the value of the currency: this means that by demanding payment of tax in the currency it has to be used for transactions in a jurisdiction;
- 2) To reclaim the money the government has spent into the economy in fulfilment of its democratic mandate;
- 3) To redistribute income and wealth;
- 4) To reprice goods and services;
- 5) To raise democratic representation - people who pay tax vote;
- 6) To reorganise the economy i.e. fiscal policy.

Within that context I argued in 2017 in a [White Paper on Scottish tax for Common Weal](#) that:

*Precisely because tax is the most effective tool available to any government to implement its social and economic policies tax is, inevitably, at the heart of practical politics. You would not, however, know this from the way that tax has been managed in*

*the UK. For example, HM Revenue & Customs is not directly accountable to ministers in the UK; there is no minister for taxation in the UK Government and there is no select committee on taxation in the House of Commons. All of these situations are very obviously inappropriate given the significance of tax in the political process. There may be historical reasons for this situation having arisen in the UK, but the legacy of the English civil wars of the seventeenth century need not impact Scotland in the twenty first century. As a result it will be necessary to create new structures to manage tax within the political landscape in which it will play an integral part within an independent Scotland. This requires five things.*

*The first is that there should be a minister responsible for taxation. They need not be the finance minister, but clearly they would need to co-ordinate very closely with them. That minister must have cabinet rank to make them fully responsible to parliament.*

*Second, there should be a ministry for tax that is independent of, but which should clearly liaise with, the Finance Ministry that would be responsible for managing the state's spending. This ministry of tax would set tax policy to meet the objectives set by the Finance Minister (who would have overall responsibility for economic policy) and have oversight over the tax collection function. The division in tasks is important: it emphasises that tax is a support function that assists achievement of economic goals but is not a constraint upon them.*

Tax is too important to be sidelined. It needs its own ministry so that its use and role in society can be properly understood.

For that reason I welcome today's announcement by the government, but it has a very long way to go until it gets this right. We need a Ministry of Tax to hold the tax system in the UK to account but also to permit the conflicts that must be managed within the tax system to be managed. We have not got it. And that is a mistake that needs correction.