

Taxing Wealth Report 2024: The UK needs an Office for T...

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I have this morning published the latest note in my series that will make up the [Taxing Wealth Report 2024](#). This [latest note](#) suggests that the UK should create an Office for Tax Responsibility.



The [summary of this report](#) says:

Brief Summary

This note suggests that:

- * The UK should create an Office for Tax Responsibility (OTR).
- * This OTR should report to the House of Commons Public Accounts Committee so that it might hold HM Revenue & Customs, HM Treasury and the Chancellor of the Exchequer to account for their management of the UK tax system.
- * The Office for Tax Responsibility should be responsible for preparing annual assessments of the UK tax gap[\[1\]](#) and tax spillovers[\[2\]](#).
- * **The OTR should also be responsible for recommending ways to address tax gaps and tax spillovers and for appraising HM Revenue & Customs' progress in doing so each year.**
- * **The benefits of having an Office for Tax Responsibility are that there would be:**

- * **Better governance of tax in the UK.**
- * **Better tax decision-making in the UK.**
- * **An improvement in the quality of the data available to all parties on the management of tax in the UK.**
- * **Better use of HM Revenue & Customs' resources that should follow as a result.**
- * **Increased pressure arising to close tax gaps, many of which favour the wealthiest in society at present.**
- * **The creation of improved taxpayer morale as a result of the closure of loopholes resulting from work on tax spillovers. This should result in a more level tax playing field, increasing the inclination on the part of taxpayers to be tax compliant.**
- * **All this being noted, it will be difficult to prove a direct causal link between tax revenues generated and the creation of an Office for Tax Responsibility, and no estimate of additional tax revenues to be raised is made as a result.**

Discussion

A fundamental weakness within the governance of the UK tax system is that HM Revenue & Customs, which is tasked with collecting taxes in this country, appraises its effectiveness in an [annual tax gap report](#). **I have long been critical of the approaches HMRC uses when undertaking this work and [have published an alternative methodology to doing so](#).** In addition, the UK makes no attempt to undertake a tax spillover analysis and is in urgent need of doing so. [Tax spillover analysis](#) explains the likely cause of tax gaps.

The most effective body to hold HMRC to account on these issues is the House of Commons Public Accounts Committee and this note suggests that the Office for Tax Responsibility report to them, acting as a parliamentary watchdog to ensure that the UK tax system works to best effect, with the anticipated benefits noted above.

Cumulative value of recommendations made

The [recommendations now made as part of the Taxing Wealth Report 2024](#) would, taking this latest proposal into account, raise total additional tax revenues or (in the case of this proposal) release sums available for alternative spending of approximately £150.1 billion per annum.

Footnotes

[1] <https://academic.oup.com/book/39754/chapter/339816709>

[2] <https://onlinelibrary.wiley.com/doi/abs/10.1111/1758-5899.12655>