



Select Committee on Economic Affairs

Finance Bill Sub-Committee

Uncorrected oral evidence: Draft Finance Bill 2020-2021

Monday 2 November 2020

4.15 pm

Watch the meeting

Members present: Lord Bridges of Headley (The Chair); Lord Butler of Brockwell; Viscount Chandos; Lord Forsyth of Drumlean; Baroness Kramer; Lord Monks; Lord Rowe-Beddoe.

Evidence Session No. 9

Virtual Proceeding

Questions 101 - 122

Witness

I: Rt Hon Jesse Norman MP, Financial Secretary to the Treasury.

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Examination of witness

Rt Hon Jesse Norman MP.

Q101 **The Chair:** Good afternoon and welcome to this evidence session of the Finance Bill Sub-Committee. I am absolutely delighted to welcome to the session the right honourable Jesse Norman MP, Financial Secretary to the Treasury. I should remind everyone that this meeting is being broadcast live via the parliamentary website. A transcript will be taken and published on the Committee website, and you will have an opportunity to make corrections to that transcript where necessary, Financial Secretary.

With those formalities over, thank you again for joining us at what I am sure is a very busy time. There is a lot that we want to cover in the session, so I will jump straight in.

Obviously, we are discussing a number of powers that HMRC is seeking to take. One of the issues that kept coming up was: why are the Government and HMRC pressing ahead with taking these powers when there is a review under way looking into the powers and safeguards that surround HMRC? Why are you not waiting until that initial tranche of work is done and you can draw conclusions from it and then act?

Jesse Norman MP: First, I thank the Committee very much for giving me a chance to talk with you about tax policy and other related items of tax administration.

I will, of course, come to your question, but since it is the first time I have spoken to the Committee since I saw you a little over a year ago, perhaps I can just flag a couple of things that bear on what we are talking about, but also reflect on the influence the Committee has had on our thinking and, if I may say so, the direction of travel as FST.

The Chair: Sorry, I am getting a lot of interruption on this line. Is anyone else?

Lord Forsyth of Drumlean: Yes, he is breaking up. We cannot hear him.

The Chair: Could you try again, Financial Secretary?

Jesse Norman MP: Yes. I am so sorry. I will speak slightly more slowly. I was just focusing very quickly on things that we had been preoccupied with since I last spoke to you which reflected the Committee's interests. One was powers and safeguards, another was improving compliance, and another was increasing HMRC's accountability to Ministers while respecting its autonomy. Another is digitisation and modernisation, and I suppose a final one would be—*[Connection lost.]*

The Chair: We have lost the Financial Secretary's connection entirely.

[Connection resumed.]

Jesse Norman MP: Thank you very much, Chair. I was simply saying that, following my appearance in front of you in July 2019, we have been seeking very vigorously to focus on adjusting the balance between HMRC and the taxpayer, improving compliance, increasing HMRC's accountability to Ministers, digitisation and modernisation, and expanding our understanding of HMRC as part of a wider system of tax administration and agents.

Coming to your question, I can completely understand where the Committee will be coming from in saying, "Why don't you stop with work on existing powers until you have completed the evaluation?" We are simply trying to improve our understanding of powers and safeguards as we go, and that work is already bearing fruit. We do not need to delay work that is already in progress in order to do that. In fact, it would be wrong to delay things, because HMRC has a statutory obligation to try to collect tax, and if it can improve—

The Chair: Sorry, can I just jump in? I understand that, but surely, given the scale of some of the safeguards you are wishing to remove, it would be better to wait. We are not talking here about a very long period, and the scale of the changes you are seeking to make are really quite considerable. I just do not feel that the case has quite been made to act now. We will come on to the specifics later.

Jesse Norman MP: Do not forget that the evaluation goes to the implementation of powers rather than the passage of powers. The passage of powers is for Parliament, but the focus is on making sure that they are appropriately and properly implemented. We have had an evaluation forum of 17 representative bodies, and we have gone back to 2012. You will recall that the last review took seven years, so we are trying to do it much more quickly and effectively than that. We have tried to focus on the areas that the forum has directed us to. It is already having an effect in the way HMRC thinks about the implementation of the powers it is given by Parliament. That is all to the good, and what—

The Chair: Sorry to interrupt. Will the implementation review look at the implementation of the loan charge?

Jesse Norman MP: The loan charge has already been the subject of a very considerable—

The Chair: A further review?

Jesse Norman MP: No, it will not. You will recall that the loan charge legislation has been passed and people are in the act of settling. Although disguised remuneration continues as a phenomenon, we have done a lot of work to address that. I think I am right in saying that the evaluation forum recognised that the loan charge had been separately addressed, and very specifically and effectively addressed, by Sir Amyas Morse.

Q102 **Lord Monks:** Sticking with the loan charge for a moment, we still get a lot of correspondence from members of the public about the way this has

been enforced and the way HMRC is going about collecting back tax that it considers is owed to the Exchequer. I am interested to hear your view about all this.

I had a letter yesterday, from a Ms Fernandez, about the aggressive tactics that have been used. Is it true that HMRC is using debt collectors to collect the money, for example, and that the agencies that are being used can force the sale of a home? There are lots of concerns still about the loan charge and the way it is being operated.

Jesse Norman MP: I fully understand the Committee's concern. I reassure the Committee that HMRC is bending over backwards to try to support taxpayers who may be caught by the loan charge. The Morse review implemented a whole range of safeguards and ameliorations, and HMRC has put extra support in place for people who may need it; I think its effectiveness has been recognised in testimony to you. It trains its staff to be aware of the signs of stress. It refers to outside organisations with specific expertise, so it works very hard to try to make this as stress free and as manageable an experience as it can be. Significant ameliorations have been made to allow people to settle on terms that are financially bearable and, indeed, better than financially bearable for them.

In the case of the specific question that you raise, my understanding is that HMRC use debt collection agencies but really for extra capacity on desk-based items: calling taxpayers and issuing letters, SMS texts and the like. That is done with regard to a very small percentage of HMRC's debts every year. They do not visit debtors, they do not take enforcement action on HMRC's behalf, and they are not in a position to force the sale of someone's home to pay a tax debt. Indeed, HMRC has specifically said that it will not seek to have anyone sell their main home in order to pay a disguised remuneration—

The Chair: I am sorry to interrupt, Financial Secretary, but Lord Forsyth is trying to come in.

Q103 **Lord Forsyth of Drumlean:** Financial Secretary, first, thank you very much for the way in which you responded to our last report on the loan charge. We have had very many representations. I do not know if you have looked at some of the stuff that is on Twitter from people. I know you cannot discuss individual cases, but have you looked at the letters and the claims that are being made? Sometimes they are made in pretty strident terms, but basically they are saying that the assurances that are being given about the treatment of people are not being met.

Jesse Norman MP: I would say this: I invite you to spend time on my Twitter feed, because I am—

Lord Forsyth of Drumlean: I have done that.

Jesse Norman MP: There may, of course, be people who have genuine concerns and want to discuss them, but mostly my Twitter feed consists of people trolling me, often in extraordinarily aggressive and unpleasant

terms. I understand their concerns. I would simply say that HMRC works very hard to try to accommodate those concerns.

I do not think that some of the press and publicity that has been given to the loan charge has been entirely helpful to the people it is seeking to assist, because it has persuaded some people that there is a political campaign that will be successful and that will force Parliament to change this. The Morse review made considerable changes, which the Government almost entirely accepted, which have relieved the effect of the loan charge or other aspects of this problem on thousands of taxpayers. But the legislation remains what it is, and the tax due remains what it is.

Lord Forsyth of Drumlean: I agree, Financial Secretary, that some of the language and the things that are being said are deeply unfair, especially to you personally, because you have been very helpful in responding. Are we to assume that people are just making it up when they say that the assurances that are being given about treatment by HMRC are not being met in practice?

Jesse Norman MP: I am not going to comment on the things you may have seen, but I can assure you that I have personally been through the substantial submission of testimony which the APPG gave to the Treasury, so I am certainly familiar with the particulars that are described—at least, as far as one can be without knowing the specific circumstances and just looking at papers.

I do not think there is any doubt that some people have been very badly affected by this. That is why the Government and HMRC have taken the very elaborate steps they have taken to protect people and to support them during this process. If people have concerns about the loan charge, they are of course welcome to raise them in specific terms, which they do regularly.

Q104 **The Chair:** Financial Secretary, we now turn to the issue of promoters and tax advice. I will put words into the mouth of Lord Rowe-Beddoe. Despite HMRC's assurances to us that it is going after a hard core of promoters, it seems clear that disguised remuneration schemes continue to proliferate and sell their services very openly online. You do not have to look far to find them. Why has HMRC not been more successful in stopping them?

Jesse Norman MP: It is important to remind ourselves where we have got to. That is to say—as you have said and, indeed, has been said in testimony to the Committee—we are down to a hard core of promoters. That is to say that people outside the hard core have left the market. I think the amount of the tax gap that is composed of avoidance has gone down by two-thirds over a period of time, and I would suggest that that is testimony to effective action against many people and organisations who are seeking to do this. But there remains this hard core.

I certainly do not accept the suggestion that HMRC has in any sense been easy-going on the promoters and so on. You have had testimony that the tactics they have used have evolved. These are very determined people who will collapse companies, start them again, reincorporate in foreign jurisdictions and the like in order to avoid scrutiny and being brought to justice.

That is why we have brought forward a further package of measures designed to disturb the promoter ecosystem at every point in what you might call the economic value chain, and it is why we continue to look very hard at this area. It is a very important part of the wider work that I flagged earlier on maintaining a balance. People have to feel that you are not just going after people who owe tax but going after the promoters and the enablers who may be trapping them or, if not trapping them, enticing them into not paying tax.

The Chair: Thank you for that answer. In the case of the loan charge, you have said that it is okay to pursue retrospectively those who have sold those schemes. Therefore, do you think that one should retrospectively go after those who have hugely benefited by mis-selling schemes that now seem to be deemed not correct?

Jesse Norman MP: You will be aware that the loan charge, contrary to the way it is often represented, is not retrospective legislation. It is—

The Chair: I know. We can argue about whether it is retrospective or retroactive.

Jesse Norman MP: Understood. The Revenue and certainly the Government take retrospective legislation very seriously. I would say, just to put it on the record and to remind us all, that people tend not to dislike retrospective legislation when it is supportive, ameliorative and eases people's paying of tax or lightens the burden. We recently passed retrospective legislation to support the new structures and buildings allowance and to permit the temporary increase in annual investment allowance, so there are uses of retrospective legislation that are beneficial to taxpayers and support the efficient and effective operations of the tax system, and we should recognise that.

When it comes to the enablers legislation that we are talking about, such are our concerns about retrospection that we have specifically consulted on whether the enablers measure should be retrospective, and that has been very helpful. We have had very useful feedback on that issue.

Q105 **Baroness Kramer:** I wanted to clarify something you just said. Are you saying, Financial Secretary, that promoters who sold disguised remuneration schemes—you could say that almost more money went into their pockets than went into the pockets of the individuals who were using those schemes, and that is absolutely true when you look at the low end of the pay scale—are now scot free when it comes to all their behaviours during that period and that the only work you are doing is now forward looking? We could use some clarification on that.

Jesse Norman MP: Thank you for that. I do not think there is any loss of clarity in what I have said. We will use all available law to attempt to prevent and impede promotion and enabling activity to the extent we can. We have great hostility—

Baroness Kramer: That is going forward—

Jesse Norman MP: —to retrospective law. We have been specifically consulting on whether it would be wise to have a retrospective measure against enablers, and we continue to focus on that. You have already had testimony before you that businesses “operating below the radar” are an exceptionally tough nut to crack, and we are seeking to crack it by every legal and administrative means we can.

Baroness Kramer: The phrase “below the radar” strikes me as odd. We have had “File on 4” and have heard every one of these names before, not just recently but over the whole period during which any of us has looked at the loan charge. All the names on “File on 4” are absolutely in the public arena and are talked about again and again. Obviously, they feel sufficiently confident that they are now looking at people who are being brought back into the NHS as self-employed help during the coronavirus crisis as a new market, a new set of victims.

I am very troubled by this idea of “below the radar” when “File on 4”, with very few resources, can apparently go out and identify at least a handful of the key players. I am sure that if “File on 4” had the resources of HMRC it would have been able to name all of them, again with facts and issues.

Jesse Norman MP: You will be aware that the individual details of no taxpayer are discussed with me as the Minister. I have no doubt that HMRC is fully aware of many of these organisations. The language you describe was language that was used to you in previous testimony that I was quoting. “Operating below the radar”, “exceptionally tough nut to crack”—that is testimony given to you by experts who have already appeared in front of you.

All I am doing is reminding the Committee that the Government would like nothing better than to drive these people out of the market. That is what we are seeking to do with the current package, and that is what we will continue to seek to do. It is a very important goal of ours, but we will do it by means of existing law. If there is scope within a properly consultative approach to adopt a measure that has retrospective effect, we will do it only after that consultation has happened, and that is what we are doing at the moment.

If we started helping ourselves to retrospective measures, the first people to leap down my throat and HMRC’s would be the Lords Economic Affairs Finance Bill Sub-Committee, because you would say that this is retrospective law and thoroughly improper.

Q106 **Lord Forsyth of Drumlean:** With respect, Financial Secretary, you just

made the case that sometimes retrospective legislation is justifiable and welcomed. Surely putting people out of business who are exploiting nurses and other people for their own gain would be welcomed. What do you think about the morality of the sort of people who are running these schemes?

Jesse Norman MP: Of course, I despise it. That is why we are trying to put them out of business.

Lord Forsyth of Drumlean: If a political party had had money from such a person, do you think the party should return the money to the person concerned?

Jesse Norman MP: I know nothing about those circumstances. If you have a concern about that, you should refer it to the party in question or indeed any public authority.

Lord Forsyth of Drumlean: I am asking about the principle.

Jesse Norman MP: I am not going to comment on the principles involved with this, which range far outside the basis of the prosecution of or administrative crackdown on promoters.

Lord Forsyth of Drumlean: If you say that you are determined to tackle these promoters, and you are clearly failing to do so—

Jesse Norman MP: I do not think that is true at all. If I may say so, I have already pointed out that the tax gap has fallen by two-thirds in this area over the last 10 years.

Lord Forsyth of Drumlean: This is not about the tax gap. It is about the existence of people who are preying on vulnerable people, getting them into serious difficulties and making huge sums of money out of it. By your own officials' admission, they say that it is very difficult to reach these people. Why are you not taking powers in the current Bill to enable you to succeed in your objectives?

Jesse Norman MP: Because we try to operate according to the rule of law as enabled by Parliament. If we started to make retrospective legislation, we could do so only on the basis that it was widely and properly agreed not merely across parliamentary advice but legal advice, and this is very far from that, I am afraid.

Q107 **Viscount Chandos:** Financial Secretary, we have heard evidence from your officials about the difficulty of bringing criminal charges against these hardcore promoters, even though there are only a small number of them. Does that not point to needing to make the provision of tax advice a regulated activity?

Jesse Norman MP: That is a very interesting question, and in keeping with the approach that I have encouraged the Government and HMRC to take—an approach that is an inclusive view of the tax system and attempting to break up the promoters' activities at all levels—we have, quite separately but in parallel, launched work to improve standards in

the market for tax agents. That is very much part of a wider attempt to raise standards across the board. We will not hold back from further measures if we think that new law is required in order to bring promoters to justice.

Q108 Lord Butler of Brockwell: I want to leave to one side the issue of retrospective legislation. We have had representations from people who some time ago were sold these avoidance schemes. They were sold them on false prospectuses, and there was evidence of that in the "File on 4" programme. Would the Revenue be willing to pursue the people who did that if there is evidence that it was done, even some time ago, on the basis of falsehoods? Would they be prepared to pursue criminal charges against those promoters?

Jesse Norman MP: I remind the Committee that there is no difference in values between us. We are all seeking to drive these people out of business. We all think that these promotional activities are vicious and wrong in every way and that they can prey on individuals. No one has any brief for this activity on your side or on my side of the equation.

HMRC is already working closely with the Advertising Standards Authority, the Insolvency Service and the Financial Conduct Authority precisely in order to explore avenues by which this kind of behaviour can be pursued and brought to justice. At the moment, we are operating within a framework of current offences on fraud, in particular the offence of cheating the Revenue.

I would just remind the Committee of one further thing, which is that criminal offences require, as a general matter, a finding of dishonesty and a threshold of beyond reasonable doubt. That is a very high threshold for the pursuit of a case. That does not make it impossible to do it, but it does mean that it has to be done with proper circumspection, given the doubt and the threshold being as high as it is. It also means that we have to recognise that this is a very hard-core group of people, as in testimony given to you, so even criminal sanctions may have limited deterrence as the process involved is a very slow one.

It is, of course, important to continue to pursue that, but it needs to be within a framework of breaking up the value proposition for the promoters at all points. That is why we are seeking to disrupt them through the different measures that are in this package, and we will continue to look at that.

Lord Butler of Brockwell: I am afraid that some taxpayers will feel, rightly or wrongly, that you are pursuing a higher threshold in going after the promoters than you are in going after the taxpayers.

Jesse Norman MP: There is no evidence for that at all. I am sorry, but that is absolutely untrue. There is no circumstance in which that is true. As in testimony that has been given to you, it is extremely difficult to bring this group of people to justice, but we are exploring every available means to do so, and more besides.

Lord Butler of Brockwell: You will do that however long ago the fraudulent statements were made?

Jesse Norman MP: We will do it while there is law according to which we can bring them to justice, and if we can pass new law that brings them to justice, we will try to do that as well.

Lord Butler of Brockwell: Are you satisfied that the penalties are sufficient?

Jesse Norman MP: That is a good question. It is not just whether they are sufficient but whether they can be triggered early enough to be effective, and that remains something that we are looking closely at.

Lord Butler of Brockwell: Thank you. Can I just go back to something that Baroness Kramer mentioned? There is evidence that these deferred disguised income schemes are being used for people who are being brought back into the National Health Service to deal with Covid. Are you taking steps to make sure that people who are being encouraged to come back to help deal with this crisis are being warned about the dangers of that?

Jesse Norman MP: HMRC is taking an enormous array of different steps in an effort to make people aware of the dangers in this area. You will be aware that there is a scheme under way whereby, when HMRC notices that people may be falling into a scheme like this, it intervenes much earlier on to proactively let them know that it is aware of that and, if necessary, to nudge them away from it. There are public communications in prospect. There is a whole host of webinars, tax agents' work and public communications of different kinds.

I have no doubt that still more can be done, and I continue to press HMRC to make sure that, in this very particular and special area but also elsewhere, people know of the danger. There is a danger, which is worth just flagging, that discussing the possibility of fraudulent behaviour, or if not fraudulent behaviour then misleading and enticing behaviour, may make it appear more mainstream than in fact it is. It is a very tiny minority.

Q109 **Lord Forsyth of Drumlean:** Just on that point, I was quite shocked when we took evidence from HMRC that when we asked, "Why are you not using advertising to make people aware of the dangers of these schemes and the nature of these foul promoters?", we were told, "Well, it might make it look as if this is the norm and might encourage more people to take part in the schemes".

Surely the priority should be to avoid the kind of human misery, which you are well aware of, that is being caused by it. That is not done simply by putting things on *Spotlight* and so on. If you wait until people have started the schemes, it is too late, the damage has been done. Surely, there is an obligation, just as you name and shame people who evade tax, to do more?

I will be delighted if you say that you are, but we did not get that impression listening to HMRC. The whole priority seemed to be to collect as much money as possible and not actually to think about the damage that is being done to so many families. After all, seven people have committed suicide because of the loan charge.

Lord Butler of Brockwell: If I may just add a supplementary to that, why do I not get a notice with my notice of coding, a warning document? You do a lot of corresponding with taxpayers. Why do you not send something that everybody would see?

Jesse Norman MP: Again, just to remind us all, everyone feels the same sense of indignation about it. HMRC is under a legal obligation to collect tax due and of course it follows that obligation, but HMRC also takes, and I have given very specific prominence since I have become Financial Secretary to taking, very active measures to seek to curb promotion.

This is a tiny percentage of the overall level of tax collected, and HMRC has within itself an effective and sometimes maligned but actually thoroughly professional group thinking about how its communications affect people's behaviour. If they have a concern that a widespread communication might normalise behaviour that is in fact restricted to a very small minority, I can understand why they might try to be more narrowcasting in the way they support individuals and stop them being affected by this.

It is also not quite true to say that once they are in a scheme it is too late, because someone can be in it for a very short period of time and then decide that they want to leave it, that it was a mistake. Many people—

The Chair: Can I quickly jump in, Financial Secretary? Are you saying, in the case that Lord Butler raised about NHS professionals returning to the front line, that they are being warned in a narrowcast way? Are they being communicated with specifically by HMRC and warned by HMRC of these schemes? Would that not be a rather wise idea, given what we read about these things?

Jesse Norman MP: I cannot comment on that, but what I have said to you is that HMRC is experimenting at very early interventions. That is a way of targeting and supporting people without shifting the very strong norm, which is already embedded, that people pay their tax and that this kind of behaviour is very, very limited to a minority. I—

The Chair: Thank you so much. So sorry to interrupt. I do not want to be rude.

Jesse Norman MP: No, not at all.

Lord Butler of Brockwell: The Financial Secretary has made the point that he would not want to draw attention to these schemes lest they become the norm, but would it not be sensible to issue a warning to people to be careful about the tax advisers they use?

Jesse Norman MP: Many of the people we are talking about may not think of the scheme they are in as a form of tax advice. Of course, tax advisers by and large, especially those who are members of professional bodies, would very much dissociate themselves from any linkage to this small group of vicious promoters.

I do think that the message “If it looks too good to be true, it probably almost certainly may be too good to be true” needs to be got out there. It is important that that be got out there by every possible means, because people are being taken in, even now, by schemes that are being described as “tax free” and the like, and they are not being sufficiently made aware or are possibly not allowing themselves to become aware of the need to steer clear of those.

Q110 **Baroness Kramer:** Financial Secretary, the proposed removal of the tribunal approval requirement for approaching financial institutions suggests that you have identified the tribunal as a significant cause of delay in being able to respond to international requests for information. However, in most of the testimony we have heard, the tribunal seems to be the least of the problems.

Is there not a case for looking at the whole process in some way to make it more efficient—for digitising and streamlining? Would you not consider it important to protect a safeguard like this wherever possible and therefore to look at other ways in which to shorten the response time rather than turning first to removing the tribunal?

Jesse Norman MP: We had a consultation on this in 2018, which is a while ago, but HMRC and stakeholder bodies have been reflecting on this and it is not as though options and alternatives have not been considered.

In this case, I think I am right in saying from the testimony you have had that there has been some disagreement about whether the tribunal has been under that much pressure or whether the process in which it is embedded may itself be quite long.

Baroness Kramer: From the testimony we have, this is only a matter of timing. If one went back several years, one might have accused the tribunal of taking a long time, but it has now become so rapid and streamlined that I think the tune changed and it was pretty universally acknowledged.

Jesse Norman MP: I seem to recall reading that one of your expert witnesses said that the tribunal was under severe pressure. In any case, this is not to comment on the tribunal. It is simply to say that the process in which it is embedded is quite a long one.

The question here is whether the financial information notice can be adopted in a way that takes the benefits of reducing time and easing process—do not forget, we do not wish to be marked down at the Global Forum’s next review for failing to take action in this area—without losing

the taxpayer safeguard? The safeguards in place are certainly manageable from HMRC's point of view.

Baroness Kramer: They would all be internal to HMRC in future.

Jesse Norman MP: That is not quite true, I am afraid. If there is to be no notification to the taxpayer, it will still be necessary to go to a tribunal. If there is a worry that the taxpayer may behave in an adverse way, it will still be necessary for HMRC to go to a tribunal. This only applies to taxpayers where that is not the case. It can be issued only where it is reasonably required to assess a taxpayer's tax position.

The new Professional Standards Committee, which we have set up, is specifically interested in this area—and, of course, we are talking about a fairly small number of notices, something like 500 a year. I have specifically asked, indeed required, HMRC to file not just a report on the first year but annual reports. It would be perfectly open to the Committee, which I know scrutinises these things very closely, to say, "Hold on a second. You were expecting 500 a year, but in fact you have had 1,000. This feels like a privilege where HMRC is helping itself without any proper scrutiny". At that point, that would be a perfectly proper basis on which to go back—

The Chair: It is not a very good way to proceed, Financial Secretary, for us to try to shut the door once the horse has bolted. Surely we should be doing this now. That is why we are asking these questions. I come back to the point that Baroness Kramer made. What you are saying to me and what I am hearing is that you think the tribunal is to blame for these delays and that the speed is more important than the safeguard. Is that not the case?

Jesse Norman MP: No, I have not said that. I have said that if it is possible to reduce time and ease process without materially undermining the safeguards involved, that is a sensible way to proceed. The tribunal stays in place for cases in which notification will not be given to the taxpayer. There is a general protection internally through the Professional Standards Committee and other internal measures of HMRC that require competent, trained people to review this. There is also the wider protection, which is that Parliament can see whether in general this power is at risk of being abused. I have no doubt that we would get very rapid feedback from the institutions involved if there was a suggestion that it was not being properly used.

Q111 **Baroness Kramer:** One very quick question for clarification. Would you confirm whether the 500 cases that you mentioned are overwhelmingly domestic cases? Only 20-odd would be international cases, yet the whole thing hangs, as you say, on people being rather embarrassed at a forum.

Jesse Norman MP: It is certainly true, as far as I am aware, that there are more domestic cases than there are international ones. Of course, that may change over time, but we have a requirement under law, domestic and in treaty, to treat taxpayers the same. Therefore, HMRC is required to have parity between international and domestic taxpayers.

Baroness Kramer: So 480 domestic taxpayers would lose a safeguard in order to meet a test that you feel is necessary for 20 international ones, even though there would be other ways to achieve the international goal of trimming the time of the response.

Jesse Norman MP: I cannot comment on the numbers involved, but the broad picture is one of reducing time and easing the process overall.

The Chair: Are the numbers roughly in the order of what Baroness Kramer has said?

Jesse Norman MP: There certainly are more international ones than there are domestic ones. If the number is higher than 20, it may not be that much higher.

Lord Forsyth of Drumlean: I think you have that wrong, Financial Secretary. I think you meant that there were more domestic than international.

Jesse Norman MP: That is certainly true. I am sorry if I said the opposite.

Lord Forsyth of Drumlean: You might like to read the evidence that was given to the Committee last week, on 26 October, from Judge Sinfield, who is President of the Upper Tribunal. He told us that the time taken by the tribunal was about 30 days, yet these international cases, which Baroness Kramer has identified as being a minority, take up to a year.

It is very hard to see how the tribunal is the problem here rather than the internal procedures at HMRC. I thought that perhaps more work needed to be done in order to provide the information to the tribunal, and that that was the problem, but it is certainly not the delay in the tribunal. In his evidence, he suggested that this work would be done anyway, so, just to repeat Baroness Kramer's question, why take away a protection, or is it just that HMRC finds the fact that there is a protection for the taxpayer an inconvenience?

Jesse Norman MP: To be perfectly clear, I have read that testimony. I have at no point suggested that this was the tribunal's fault. What I said—I think correctly— was that expert testimony had differed on the timing of the process involved and the degree of stress that the tribunal might or might not be under. You will recall that Judge Sinfield—

Lord Forsyth of Drumlean: But surely the President of the Chamber knows what is going on.

Jesse Norman MP: Of course. I am not suggesting for a second that he does not, but you will recall that Judge Sinfield accepted that the sample he had given was a small one. I do not think he felt in a position to produce the sample to the Committee when it requested it. I do not think he was able to say what the split was between domestic and international, but one thing he did say was that the quality of HMRC's

work was excellent. All I think HMRC is seeking to do is to ease the process and to shorten a period of time in which the tribunal is involved, but where we need not regard the tribunal as responsible.

Lord Forsyth of Drumlean: But if you are promoting this legislation, you must have evidence that there is a problem, contrary to what he said. If you do not have that evidence, why are you doing it?

Jesse Norman MP: I do not think I have said anything at odds with what he said. He said that the—

The Chair: You are. You are disagreeing with him.

Jesse Norman MP: I am not. I think he said that the tribunal was not the problem. I have never claimed that the tribunal was the problem. I have claimed that this would ease the process and that there needed to be parity of treatment between domestic and international. I have also said that if, on a mature judgment, having looked at this, there is evidence that the number is rising or that HMRC is in any way abusing its powers, of course we will revisit that.

Q112 **Lord Monks:** Financial Secretary, the removal of the need for tribunal approval, the lack of a right of appeal for financial institutions, and the extension of the civil information powers are three new powers for HMRC that damage protections that have been considered important by Parliament in the past. If it is put like that, what is your response to it?

Jesse Norman MP: My response is that it is important to look at each of these measures on their own merits. That is what we are trying to do. I hope the Committee will be able to publish the work of the powers and safeguards review relatively soon and that it will be able to judge for itself whether HMRC and the Government are adopting an approach that is abusive or in any sense oppressive. I would say, though, that the direction of travel is in many ways a few individual measures apart in the opposite direction.

We are bending over backwards to try to support taxpayers, through improved customer service and improved digitisation of the customer experience, the taxpayer experience, when they deal with HMRC. The Customer Experience Committee is focused on making it easier for people to interact with HMRC and not to feel in any sense managed or oppressed by the relationship they have with the tax authority. The Professional Standards Committee takes a particular interest in questions such as whether HMRC is throwing its weight around too much.

Lord Monks: What do you say to people who say that HMRC is not using the powers that it already has, but it is still seeking more and more new ones? How will it use the powers it has to make a big dent in the problems that have been identified so far?

Jesse Norman MP: HMRC, and indeed the Government, are acutely aware of the need to use existing powers effectively and not abuse them, and of the need to deal with a fast-evolving tax market. I would remind

the Committee that probably half an hour ago it was nudging me in the direction of trying to pass retrospective legislation in order to take powers against people it happens—as we all do—to dislike.

I just mean to say that the argument has to be run in both directions. We have to think very hard about how to use effectively the powers that exist and then whether it may be possible to ease a situation on behalf of taxpayers, making it easier for them, or, if necessary, to pass new legislation or take new powers that preserve either the taxpayers' common weal or the feeling that the system is fair and balanced.

The Chair: Financial Secretary, coming back to what Baroness Kramer and Lord Forsyth are saying, it just feels quite disproportionate that you are taking this power and eroding the safeguards on the basis of maybe just 20 to 30 cases to investigate. It seems an enormous power, and sledgehammer and nut comes very much to mind. What do you say?

Jesse Norman MP: We are under some international pressure, as you will be aware, to bring the standards that we adopt into line with those elsewhere. I do not think it is inappropriate for us to be aware of that and to try to strike the right balance.

Q113 **The Chair:** Financial Secretary, unless any of my colleagues have anything to ask about that precise topic, we will move on uncertain tax treatment.

Again, this feels like an enormous new approach, or rather a bit of a blunderbuss, where sniper fire may be needed. Why are we going down the route of this definition of uncertain tax treatments when it seems that what the Government and the HMRC are trying to do is target a minority of large business customers that use aggressive tax planning? Why are we not looking at them specifically? Perversely, is this uncertain tax treatment approach not increasing uncertainty in the tax system, which is totally the reverse of what it is trying to achieve?

Jesse Norman MP: I can understand the concerns that people have in this area and to some extent I share them. As you will be aware, this measure is aimed at the largest businesses—organisations with a turnover of over £200 million. It is inevitable that the Committee, by focusing on specific heads and specific powers, is not unreasonably focusing on the trees, possibly at the expense of the wood.

The problem we have here is that this is just under £5 billion of the tax gap, on the legal interpretation side, and more than half of that comes from the very largest businesses. There are businesses that will be heavily compliant and will not be affected by this, but there will be some where there is a proper need to identify areas where legal interpretation is being stretched to the limits. This is what this measure is designed to address.

The Chair: Can I put it to you that the uncertainty in the system is created by the complexity of the system? That is the first point.

Secondly, I want to read you what one of our witnesses told us: that there is a Catch-22 involved in the proposal. The statement is worth quoting in full: "If HMRC has stated that its view of the law is X and the taxpayer disagrees, the disagreement will be clear and there is nothing for HMRC to clarify. It will be for the courts to clarify the law. If HMRC has not stated its view of the law in a particular area, how does the taxpayer know that they are disagreeing with HMRC's (unpublished) view?" How do you respond to all this?

Jesse Norman MP: If one steps back, clearly there are areas of ambiguity and areas where companies take a different interpretation from HMRC of the law. This is not saying that they cannot do that; this is just inviting them to inform the taxpayer where that exists. That is because this cuts down a potentially huge future tail of litigation. That is something that I think everyone would like to achieve, and it may well be in the interest of the business.

On the point you make about uncertainty, I have a concern in this area and I have pressed officials on it; I think it is important to say that. It is possible to believe very strongly in the principle that areas of legal uncertainty should be pushed back where possible, and ideally notified in order to stop these counterproductive downstream consequences. But that needs to be backed with specific tests that are as objective as possible. I want to be sure that HMRC is able to pursue that further stage with tests that are as objective as possible.

The Chair: Sorry to interrupt you, but can I draw your attention to the consultation document's definition of uncertain tax treatment is, which is one "where the business believes that HMRC may not agree with their interpretation of the legislation, case law, or guidance"? By the way, I find that statement very odd, because I would not want to have a system that relies on one person's belief versus another person's belief. I would want objectivity. Are you going to look again at that definition?

Jesse Norman MP: I think the point is simply about flagging a requirement to notify. It is simply saying that if a company is aware that its interpretation of the law differs from HMRC's practice or case law, it should inform the Revenue and Customs, which may have all kinds of benefits to both parties downstream.

The Chair: Sorry, but I was not entirely clear where your point about objectivity fits in.

Jesse Norman MP: My point about objectivity was that that general principle of notification where there is differing interpretation should ideally be matched, and we would expect it to be matched with specific tests that ideally would be as objective as possible, precisely to take the subjectivity in what looks like a difference of opinion and make that scope for subjective judgment narrow. When you have that, I think you will have a better functioning legislative framework.

Q114 **Lord Butler of Brockwell:** Financial Secretary, we had some very

helpful evidence last week from one of your officials, Mr Paul Riley, where he suggested that HMRC was going back to the drawing board on this. He made the point that you made: that there is too much subjectivity in this and that it should not rely on the judgment of the taxpayer. He said, "We accept it is too subjective and too difficult for taxpayers to assess. We are looking at it again". He said that he recognised that there was a disproportionate administrative burden on companies.

He also said that there were other specific points such as materiality, thresholds, too many different taxes being covered, and liability for penalties, all of which needed to be looked at again and that HMRC would consult again on the draft legislation. This sounds to me very much like going back to the drawing board. Is it expected to be able to revise the legislation in time for the Finance Bill that we are considering? It seems to me that if there is going to be consultation on the Bill, this will be a long process.

Jesse Norman MP: Thank you for the question. I do not have much to add to what he said. There are concerns about subjectivity, and there will need to be consideration of the appropriate way to put those into regulation. There may be a need to reflect further with stakeholders or others on the nature of that regulation. I do not want to suggest to the Committee that this is settled yet, because I do not think it is.

Lord Butler of Brockwell: But will it be possible to settle this very wide area of doubt in time for the present Finance Bill?

Jesse Norman MP: The answer is we will find out, and we will inform the Committee.

The Chair: What timeframe are you looking at for this proposal, just to be clear?

Jesse Norman MP: It is the topic of current work. I would certainly hope to be able to return to the topic relatively quickly.

The Chair: Sorry, just to be clear for those who are taking a lot of interest in this, of which there are a number, how long is relatively quickly? Months?

Jesse Norman MP: The best thing I can do is use the classic Treasury terminology, which I am sure Lord Butler will recognise, of "shortly".

The Chair: Shortly. Pregnant with meaning. Lord Chandos, I turn to you next, if I may.

Q115 **Viscount Chandos:** Financial Secretary, it looks pretty likely that the economic impact of the pandemic will be spread over years, not months, so companies are struggling with the impact of that huge pressure and strain on them. Do you think it is fair to introduce these sorts of measures at a time when companies will still have all those challenges and with so many of those companies, as has been acknowledged, not pursuing aggressive tax strategies but having to do a lot more work to meet the requirements that are envisaged under these measures?

Jesse Norman MP: I think you will agree that this is a topic that we take extremely seriously. Part of my job as Minister accountable for HMRC is obviously to work very closely with it and with Treasury officials on all the schemes that we have put in place to support the economy and to support individuals and families in the face of this dreadful pandemic. We absolutely understand that. I hope you will agree, and I hope the Committee will agree, that HMRC's officials, and indeed the Treasury's officials, have done an outstanding job in reacting quickly and effectively to the circumstances that we have found ourselves in.

This is not a measure that we expect to have enormous administrative costs associated with it. I register the concern that you express and will definitely ask my officials to go back and consider the question of compliance costs in light of the evidence that you have been given, but we do not expect it to have enormous administrative costs. The purpose of this, of course, is not to impose such costs on business. That is another reason for wanting to have as clear and objective a set of tests as we can put in place.

Q116 **Lord Forsyth of Drumlean:** Financial Secretary, in the 10 years that I was a Minister, which is a long time ago, legislation had to go before the L Committee, where it was usually chaired by some titan like Willie Whitelaw. If a Minister came along, the first question that was asked—Lord Butler will remember this—was, “Is the policy clear?” If the policy was not clear, it was thrown out. I find it extraordinary that we are at this stage in producing a Bill and the policy is not clear. Therefore, it should be thrown out and you should come back in a year's time. That is what would have happened in the old days, but perhaps I am too attached to the way of dealing with things that existed then.

Is this to do with the lack of resources? I am quite sympathetic to HMRC, which is being asked to do more and more to close the tax gap, while at the same time having quite substantial reductions in resources. Is this measure driven by HMRC resources, with businesses now required effectively to self-inquire as well as self-assess?

Jesse Norman MP: Let me respond to your first point. I do not think there has been any loss of scrutiny here. I cannot comment on William Whitelaw, as was, but sometimes in seeking to pursue an important principle of taxation, more concerns are thrown up when officials and stakeholders get into the details than was originally contemplated. That is not unusual. I do not think it was unusual 20, 30 years ago. I do not think it is unusual now.

Lord Forsyth of Drumlean: I understand that, but 20 years ago if it was not clear it just did not get in the Bill until it was.

Jesse Norman MP: I certainly will not ask officials to go back and look at all the activities of unclear legislation since the 1980s, because I have no doubt that there will be have been some. The legislation needs to hit the target in the principle, in the measure itself, and in the regulation for

us to be comfortable with it. That is why I am flagging to you that I do have this concern, and I think officials do have this concern.

The answer to the question whether this measure is driven by HMRC's resourcing is absolutely not. You are welcome to ask HMRC when it next appears, but HMRC has been well-resourced for the purposes of managing its business and it has done a very good job of transforming itself through the Covid process in order to use those resources as effectively as possible, while also managing all the resourcing issues associated with the new border and the end of the transition period. HMRC has proved itself astonishingly adept at dealing with a very wide range of issues.

I do not think there is any suggestion that it has lacked the resources it needs. We are having a very interesting conversation with the Treasury about the longer-term resourcing of the transformation to a digital system of tax administration. This measure is not motivated by that at all. As I have said, it is motivated by the desire to reduce the legal interpretation part of the tax gap, which is responsible for the loss of billions of pounds of revenue to this country every year.

Q117 Baroness Kramer: Quickly, on the point about clarity, we have heard this from witnesses, but I think many of us have made the same observation, that there now seems to be a trend towards introducing legislation that is very wide-ranging and within it there are great patches that are essentially unclear; I know that Parliament passes that legislation, but it is drafted by departments like HMRC. Then the move is to explain the detail, the complexity, through guidance, which obviously does not go through the same level of scrutiny as primary legislation.

Can you give us some assurances that we will see a halt to this trend, with much greater clarity in primary legislation and much less left to guidance, which, as I say, does not receive the same level of scrutiny?

Jesse Norman MP: It is a very important question, and I thank you for it. From my point of view, I absolutely want legislation to be as clear as possible before it is introduced and, wherever possible, for it to be framed in expectation of guidelines, interpretation or regulation that are consonant with the overall picture, because, as the Committee will know, with much tax legislation the devil is in the detail. So it is important to look ahead as much as possible.

Having said that, the world of taxation and the ways in which people are seeking to avoid paying tax internationally and in other ways continue to evolve and in many ways to fragment. There is a balance to be struck between trying to create implementing regulation that fits the circumstances at the time in all its variety and complexity and the desire to make sure that as much of that has been thought through as possible in advance.

I certainly hope that one of the things that will come out of the work we are doing on powers and safeguards, professional standards and the other areas that I sketched at the beginning will be improving the quality

of tax legislation. As you will be aware, the 2010 Government passed into practice a more effective and steady process of passing tax legislation. We are all the beneficiary of it, and we need to make sure that, wherever possible, government pursues that. That is an advantage, but we need to bear down on this more. I absolutely would not, as it were, resile from that obligation.

The Chair: Thank you, Financial Secretary. We now turn to the final topic, which is the tax checks for licence renewals.

Q118 **Lord Monks:** Why did you pick private hire taxis and scrap metal dealers? Why have these two sectors been singled out for special treatment? Perhaps you could enlighten us about who might be next in your gunsights—which sectors might be appearing for the same kind of treatment in the near future.

Jesse Norman MP: As you will be aware, this is the first step in a process. The consultation considered other areas—security, houses of multiple occupation, waste management carriage, retail—and the process of consultation and reflection has not just been about the collection of revenue but the fit and suitability with the licensing rules as they presently are. We know that the hidden economy is substantial in this country. Because it is hidden, no one knows quite how large it is, but it is at least £2.6 billion a year and it may well be very considerably larger than that.

This is an attempt to improve compliance in certain areas where the licensing rules lend themselves to that approach and at the same time to explore whether this approach could properly be extended to other areas that have so far been less visible to HMRC than we would like.

Lord Monks: We understand and appreciate the concepts of conditionality and that public sector licensing is a lever, an opportunity, for a tax check, but we have received evidence from others that this could push people who are already licensed in their particular sector into the black economy and encourage more people to go underground than is currently the case. Has that worry affected you?

Jesse Norman MP: I understand the worry, of course, but I think it is less likely than people would imagine. If one recalls, all that we are seeking here is to have a notification. We want people to notify the tax authority, to make sure that they are noted to the tax authority and to make sure that the revenue and income they derive is logged and registered. You have heard testimony that this not only could be a very valuable tool but is a very small part of a process of qualification or licence acquisition or retention in industries that are much more substantial and much more exhaustive than this relatively modest test.

Q119 **Lord Rowe-Beddoe:** Leading on from that, Financial Secretary, Lord Monks pointed to three sectors. However, we understand from various pieces of evidence that we have received that they may be used to do more than just supply a licence number; they may be used for other

forms of information for HMRC. Do you have a comment on that? We had understood at the beginning that it is not about reporting income worldwide but purely about giving a licence number and letting them authorise that on their licences.

Jesse Norman MP: I am not sure I absolutely got that, but what I think I got was that there was a concern about some language in the legislation about evaluation and whether that might open the door to something wider. I hope I can give you reassurance on that in two ways.

First, as I have said, the standard that is being set is very low. All that is being asked of people is to confirm that they have declared income from that licence activity and that they are registered for tax. No further detail is required. All that language says is that HMRC needs to be able to run evaluations of its own on how effective the policy is. I think, therefore, that it should be taken entirely at face value, and that is what they are proposing to do. We would expect that from them, and I am sure the Committee would be mortified if it felt that HMRC did not have the legal authority to run evaluations on this important new area of inquiry and activity.

Lord Rowe-Beddoe: That is the point that I was trying to make. You have satisfied me that it is not going to use it for any other source of information.

Jesse Norman MP: I do not think there is anything in the legislation that warrants that, and I have seen nothing to suggest that that will or indeed could be the basis of any snooping with regard to the information that is provided.

Lord Butler of Brockwell: What you have said, Financial Secretary, is very important. When somebody applies for a licence, they will have to show that they have a UTR and assert that they have declared income for taxation purposes. They will not have to say anything about the amount of income they have declared. All they will have to do is say yes or no on whether they have declared some income for tax.

Jesse Norman MP: That is correct.

Lord Butler of Brockwell: That is very important, thank you.

Q120 **The Chair:** Financial Secretary, licensing authorities made it clear to us that they intend to pass the cost of the tax check process to applicants and increase fees. Do you think it is fair that compliant applicants who pay their taxes have to pay more for the tax check?

Jesse Norman MP: I am very surprised to hear you say that, because when I read the testimony from the two Steves in particular, they completely downplayed the possibility of this imposing any additional cost at all. They said that it was a basic step that could bring in a lot of money, and I thought they had played it down. However, HMRC has had extensive consultation on this and would expect to support licensing bodies, local authorities and Transport for London with financial assistance in the event that there are costs.

You will recall that the time cost of this is estimated at something like £700,000 a year, which is £2 a person, broadly speaking, and it makes £35 million in revenue. It is definitely a worthwhile measure from that point of view, and £2 a person is not a lot. If that is true, I think I can see why the two Steves and others were not so concerned about the cost, especially given all the other things that a driver in particular has to do to pass the fit and proper test and so on.

Lord Forsyth of Drumlean: Perhaps I am being a bit thick here, but I do not see how this is going to work. The purpose is to catch people who are earning money in the black economy, not declaring and driving taxis and private hire vehicles. Following your response to Lord Butler, if all that is required is to produce a tax code, I do not see how, if we are dealing with dishonest people—and I do not believe for a moment that the vast majority of taxi and minicab drivers are anything other than honest—and they simply say, “Our earnings were £1,000” when their earnings were £20,000, that will get around the problem.

I am worried by the principle—again, this goes back to the question I asked earlier about getting the Inland Revenue’s job done by other people—of extending this to other areas for other licences and so on. It feels like the thin end of a wedge. If it is not a wedge, I do not see how the thin end will produce anything of any value.

Jesse Norman MP: It is noticeable that the operators who appeared in front of the Committee suggested that this was a fairly basic step that could bring in a lot of money. There clearly are people who, as I think one of your expert witnesses said, may be in the social security system, may be underdeclaring income or not declaring income over and above a source of income that is declared

However, once that information is available, two things follow. First, the fact that people have been through that process is a nudge to bring them into the system. As has been pointed out, it is a very small additional step over and above all the other hoops that drivers in particular have to go through.

Secondly, it allows HMRC to start asking whether someone who may not be on their radar screen for taxi revenue possibly should be. Of course, someone who is just dishonest is likely to continue to behave the way they do, but the experience of tax systems elsewhere is that there are an awful lot of people who are not dishonest at all but who may have neglected to declare revenue, intended to do it and have just forgotten to, or have other sources that they want to admit once prompted.

There is quite a lot of revenue to be generated. Of course, all the revenue that is generated—this is sometimes forgotten—goes to support the public services that we all rely on. It is important to think about how the revenue is used as well as how it comes in.

Q121 **Baroness Kramer:** This is partly a question and partly a plea. I am saying this with my transport hat on. Extraordinary work was done to

bring private hire drivers, all taxi drivers, into the system so that their qualifications were checked to make sure that they were safe, that they had been through criminal records checks and that their cars met the relevant standards for safety for passengers.

In all that work, one of the reasons why tax checks and similar checks were not included was the focus on safety, safety, safety as an overwhelming priority. Anything that could discourage people from participating in the system was a potential risk to possible passengers.

I just ask that HMRC keeps a very close eye on this, because if people start to leave the system and disappear completely into the black economy, all those safety checks and the huge amount of work that went into making checks pretty much universal will be undermined and lost. There is very great risk associated with that.

Jesse Norman MP: Thank you. I think the point is well made. I do not think that concern was specifically reflected in the consultation to anything like the degree that you fear. It is notable that the existing operators rather like this measure, because they think it is a way of improving standards in their industries, on which so much has already been done. Of course there may be people who are long registered as taxi or private hire licence drivers for whom a portion of their revenue or income is not reflected, so we should not just think about new entrants into the market being deterred.

I think you had testimony as a Committee from one of your experts, who pointed out or claimed that tax clearances and other similar mechanisms were used in the Republic of Ireland apparently very successfully. If that is true, it points to a wider awareness that in some respects the system can be made more effective if there is a bit more linkage and joining up. I was very interested when the topic was raised by another witness, who said that in due course this could link with some of the work we are doing on Making Tax Digital in order to make such a tax check extremely easy to discharge. The easier we can make it, the less likely we are to deter people from doing something and the less likely it is that it will raise any safety issue.

Q122 The Chair: I would like to begin to draw this session to a close, which I am sure you will be relieved to hear, Financial Secretary. Can I take a few steps back? At a time when the Government are obviously spending billions to support SMEs and the self-employed, do you feel that HMRC is doing all it can to support those people in their hour of need and not pursuing them in an overly aggressive way on their tax matters?

Jesse Norman MP: Thank you for the question. The Government and HMRC are bending over backwards to try to manage the actual impact. Of course, there has been an enormous array of reliefs, grants and reductions in rates and the rest of it, as well as the positive support programmes, but even where there have been we have been very careful that if people are in debt, for example, we have put in place an automatic way of managing companies' accrued VAT deferral debt. We have made

Time to Pay a mechanism that is as user friendly as such an approach ever could be, and it is being used by hundreds of thousands of people.

Of course, an awful lot of HMRC, which has itself now had to become a very heavily disaggregated organisation, has got into using webchat and other interactive ways of working with people in order to help them and to manage their concerns. We absolutely understand that this is a time when it is more necessary and more important than ever to keep that balance between HMRC and the taxpayer. That is why we are so focused on powers and safeguards, and on cracking down on these promoters and trying to improve the customer experience through digitisation and modernisation.

Those will continue to be my goals and the goals not just of HMRC but of the wider system of agents and the like, all in the cause—without getting too Willie Whitelaw about it, but I think he would have recognised that this is what we aspire to—of good public administration.

Lord Forsyth of Drumlean: I wanted to say, having perhaps given HMRC a bit of a hard time in this session, how much I admire the work that has been done in dealing with Covid and putting the support schemes in place. I think HMRC has done a fantastic job in that respect, as indeed, if I may say so, Financial Secretary, the Ministers in the Treasury. I think that is universally recognised.

Lord Butler of Brockwell: I would like to echo that. It made me proud of the Civil Service.

Jesse Norman MP: I share your view about officials. I have never heard such a statement uttered about Ministers. I am deeply grateful for it and I am sure that the Chancellor and my colleagues are, too.

The Chair: Thank you, Financial Secretary. Unless any of my colleagues have any further questions, I think I speak on behalf of all of us when I say thank you very much not just for sparing your time but for the considerably fulsome answers you have given to a lot of quite searching questions, at a time when I know that you and your team are extremely busy. Our thanks go not just to you, Financial Secretary, but to your team for taking the time today. Thank you very much. Unless anyone else has anything they wish to say, I am going to call this meeting to an end. Thank you, Financial Secretary.

Jesse Norman MP: Thank you very much. Thank you, everyone.