

**Written evidence submitted by Ian Hollidge**

**1) What are the major long-term pressures on the tax system in the UK, including those arising from changes in working practices, demographics, the environment and other factors? How are these affecting the efficiency of the tax base and the overall level of demand for public services?**

Tax receipts rise and fall along with level of economic activity, COVID restrictions have caused a dramatic fall in both. Non-essential and inefficient business closures, home working, reduced travelling much of which is positive means Taxation must adapt or offer incentives to increase business activity.

**2) What more can the UK do to protect its tax base from erosion as a result of globalisation and technological change, and what further impacts will the coronavirus pandemic have on our tax base?**

Keep ahead of change: E-Scooters have been invented, sold and used on our streets, however there is no registration, licensing or insurance mechanism in place. A small example of how UK Government is slow in reacting to positive change and missing out on revenue. Same applies to Uber, Airbnb, Just Eat and many other digital applications that do nothing but connect those who provide or need a service. Regulation, registration, inspection and Taxation on business activity are important missed opportunities.

**3) Do these pressures need to be met with tax reform, and if so, is this the right time for reform?**

Yes: Economic activity and the corresponding increase in Tax revenue is likely to grow if goods that people want or need are affordable. I would like to see incentives to spend in areas that need growth: Housing - bring back Mortgage Interest Tax Relief at Source, meaning mortgage interest on a home you own & LIVE in as your main residence has the mortgage interest deducted from your taxable income. Home Improvements that improve insulation reducing greenhouse gas emissions need to be free of VAT for 5 years to ensure retro fitting of our poor housing stock.

**4) What overall level of taxation can the economy bear without undesirable or counterproductive harm to economic growth?**

Tax less and let people spend resulting in more Tax revenue for Government. In 1066 Country smuggling was an acceptable way of making a living, back in the day. Tax less and there is little incentive for criminal activity.

**5) Which areas of the tax system are most in need of reform, and which are best left alone?**

**Business Rates:** It is a tax on property not business, it has too many concessions and in some ways, discourages economic expansion. Some businesses need a large premise and have a small turnover / profit, some will be the reverse. It may be a better long term aim to convert to a land area based tax for both business and residential to give an incentive to use potential land for public benefit.

**National Insurance:** Labour increased NI and headlined no Tax Increase year on year. Never understood how the public fell for it, Self Employed were much better off and it fell away as I aged and had a full entitlement. Needs to be parity be honest, it is just an income tax.

**Council Support Grants:** Councils need to balance their budgets each year and have to wait till December to know what next year's funding will be. It is right that Government put emphasis on homes and business growth reducing grant over the years. However, Council Tax is rightly contentious we are just Tax Collectors as much is passed through business rates on to upper tier and Government only to be passed back in grants. This may be a way of creating work for accountants but does not provide for what I would call real jobs in building back better.

**6) What reforms should be considered in response to the pressures on the tax system?**

As above

**7) What is the role of tax reliefs in rebuilding the economy and promoting economic growth and efficiency? Does the current regime of tax reliefs perform this role well?**

Tax greed not need – Capitalism, ambition and growth are good; however, it can't be right if what we read in the papers that a retail owner is able to take a £1.2 billion dividend without paying any tax. I pay 10% on the small dividends I receive and trust it is spent wisely.

**8) What are the areas for simplification?**

Have a rule that here will be no new taxes without the elimination of another one. We need people to fill in pot holes not more forms.

**9) is there a role for windfall taxes in the post coronavirus world?**

NO - NO – NO, there is never a reason to tax a business just because they were in the right place, providing a service customers wanted at the right time. It shows an attitude of don't succeed or we will Tax you.

**10) What is the right balance between taxation of work, savings/pensions and wealth?**

Good question: given they are the only things you can tax the judgement has to be to Tax greed not Need: does somebody need a duck house NO – do we need to provide homes for those who do not have a roof over their heads YES. To subjective & you will always be wrong in someone's eyes.

**11) What is the best way to tackle tax reform, including what changes might be needed at HMRC to support implementation, and how should the Government consult with stakeholders and parliament?**

Existing process work for me, however I'm relatively up to speed with how Government systems work. My 89-year-old Mum has never used a mobile phone or computer. On line consultations are great and media often pick up the interesting bits, so no reform needed. Future generations will engage if they choose to, however the important message is they are included.

Focus on Tax collection is great, however the benefit spend at 27% is what we need to tackle. More who work and pay their own way in life the better society will be. A working family pay tax on their earnings, however could live next door to a family receiving benefits, paying no tax and receiving more for doing less.

Solution is easy - benefits should be taxed. I find it odd that we receive a heating allowance although we can easily afford to heat our home, benefits should be added to income and taxed at relevant rate.

Shortly after William invaded and won England in 1066 he added up all assets and we've been taxed according to those assets ever since. Maybe it's time to introduce another Domesday asset register so wealth can be assessed and taxed fairly?

Housing benefit paying to private landlords is a disincentive to purchase a new home and is a growing burden to HM revenue and customs. Tax incentives to buy your own home is vital.

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