



Loan Charge Action Group

Public Bill Committee assessment of Amendments to the Loan Charge Legislation

Purpose

This short briefing document is to highlight to the Loan Charge Review Team that valuable evidence wasn't allowed to be heard and debated in the Public Bill committee of the Finance (No. 2) Bill which sat between 9th January and 16th January 2018.

Summary

As per the standard process, the public and professional bodies were invited to submit evidence to the Public Committee to voice any concerns they have with the Bill. The parliament website¹ states:

Written evidence

Written submissions from outside bodies and individuals are circulated to MPs appointed to examine the Bill during committee stage in a Public Bill Committee. The following written submissions were sent to this committee.

Whilst the evidence is still there to be read, we should point out some crucial comments that were made regarding the evidence submitted from professional bodies. The evidence itself is even more alarming – evidence from professional bodies and the personal submissions from individuals.

We should highlight the discussion which was had between a number of MP's and the Financial Secretary to the Treasury at the time, Mel Stride. The Loan Charge was the first item to be brought to his attention on the very first sitting. Alison Thewlis MP said during that sitting²:

“Some of the written evidence submitted to the Committee —it was made available very late, I must say; it came yesterday at around 4 pm, which gives us very little time to read a huge amount of evidence—suggested that there are things that need to be changed and that people would like to see tweaked. However, without having oral evidence and being able to interrogate people for it, it is very difficult to weigh up the evidence in the context of the Bill.”

We hope this evidence highlights an area that should be the further investigated. Had the Financial Secretary to the Treasury listened, it may have allowed the worrying impact of the Loan Charge to be properly examined. Not allowing this evidence at such a crucial stage meant the concerns expressed were not adequately addressed and has, without doubt, added to the situation apparent now.

- What did the government stand to lose by allowing proper Parliamentary scrutiny?
- Why wouldn't the government agreed to discuss and hear the evidence provided?
- Were they trying to hide the try devastating impact of the Loan Charge?

Public Bill Committee

There is a worrying trend that the Loan Charge and associated amendments to the legislation were forced through Parliament with insufficient scrutiny. There are numerous examples which provide

¹ <https://services.parliament.uk/bills/2017-19/financeno2/committees/houseofcommonspublicbillcommitteeonthefinanceno2bill201719.html>

² [https://hansard.parliament.uk/Commons/2018-01-09/debates/63d31d09-b11f-45b1-b7d1-221ddf493310/Finance\(No2\)Bill\(FirstSitting\)](https://hansard.parliament.uk/Commons/2018-01-09/debates/63d31d09-b11f-45b1-b7d1-221ddf493310/Finance(No2)Bill(FirstSitting))

valuable evidence that we, and many MP's, believe should have been allowed to have been discussed and followed up with oral evidence.

There are some other very key arguments were put across to the FST during the committee stages that show just how poorly scrutinised the legislation was such as:

- One of the report's key suggestions... ..is about the fact that the Finance Bill Committee does not take evidence. We have been told that that is due to lack of time, and that scrutiny of the Finance Bill needs to be curtailed and completed in a very short period. However, measures in the Finance Bill are very technical, and we have a short time in Committee.
- The lack of stages in the House of Lords should mean that the Finance Bill is subject to particularly intense scrutiny in the House of Commons. But the reverse tends to be true.
- I would go so far as to bet that all Committee members have not read all the written evidence that has been provided. I bet that they have not had time... ..The timescale is not working. If we were to allow evidence sessions this Thursday, and then allowed the Public Bill Committee stage to stretch slightly—I am not sure it would even end up stretching as far as 18 January, because we could have a number of sittings before then—that would be a really positive change for the Committee. We would all be better informed, and it would be a good step for scrutiny and transparency, which the Government and the ministerial code suggest that we should have.
- Every other piece of legislation that passes through the House gets its day in court, so to speak, as regards giving evidence, and of course the complex changes made to UK tax laws and systems have far-reaching consequences for everyone and for the economy
- It is important that when matters are incredibly complex—and, let us be frank, many of the matters in question are complex—we should be able to tease out issues with experts.
- the Institute for Fiscal Studies, the Institute for Government and the Chartered Institute of Taxation made a similar case in the report "Better Budgets: making tax policy better", published in April 2016. Its authors pointed out that Finance Bills could be improved by oral evidence sittings, with little disturbance to the parliamentary timetable.
- Andrew Tyrie, the former Chair of the Treasury Committee, also supports the idea of oral evidence sittings for the Finance Bill
- In a number of places in the written evidence, various organisations said, "This was not consulted on in draft; we would have suggested these changes, if it had been." The Committee is losing out because it does not take evidence. It would be better if it did. I do not understand why the Government are scared to take evidence.
- The authors of "Better Budgets" comment: "This could be enhanced by ensuring effective liaison between the experts working to support the three committees that have a role in tax scrutiny—the Treasury Select Committee, which has hearings on the Budget and Autumn Statement"— as was— "the House of Lords Economic Affairs Committee and the Finance Bill Committee—to make sure that the results of pre-legislative work inform legislative scrutiny." That is not an unreasonable position to take.
- There seems to be developing consensus across the House that oral evidence sessions on the Finance Bill would greatly improve the quality of parliamentary scrutiny of it.
- I still have not heard anybody say why evidence would be a bad thing. The Government have previously said that timescales would be an issue, but they are not