

# Party conference debates: tax cuts and the cost of living

## Briefings

24 October 2022

The Chartered Institute of Taxation and Institute for Fiscal Studies returned to the Labour and Conservative party conferences this autumn, hosting panel events on tax and the cost of living crisis.

This year's events were chaired by CIOT President Susan Ball and followed the publication of new Chancellor Kwasi Kwarteng's September 'mini-budget', which firmly committed the Conservatives' fiscal firepower towards cutting taxes to grow the economy.

At the Labour conference in Liverpool, Ball was joined by the Economics Editor of the Financial Times Chris Giles, IFS Director Paul Johnson, and James Murray MP, the Shadow Financial Secretary to the Treasury.

Murray accused the government of risking taxpayers' money and 'gambling' with the public finances after 12 years of low growth, low investment and low productivity. He said it was 'inexcusable' for the government to refuse to put in place a more ambitious windfall tax on energy companies.

Johnson said that an incoming Labour government may inherit a tricky economic climate, in contrast to the relatively stable situation it inherited in 1997. He suggested this could make it challenging for the party to 'square the circle' of increased public service investment with commitments to retain the present government's cuts to National Insurance and the basic rate of income tax.

Giles worried that the government's decision to renounce Treasury orthodoxy was a risky strategy, noting 'horrible things happen' to governments that eschew evidence and experience.

He said government needed to think more about the role of incentives in the tax system and argued that the decision to cut taxes and roll-back IR35 reforms posed

challenges to productivity and compliance.

A late change to the conference agenda meant that our event at the Conservative conference in Birmingham was transformed into a live streaming of Kwasi Kwarteng's speech, followed by expert reaction.

Joining Ball and Giles on the panel were Stuart Adam of the IFS and John Myers of the YIMBY Alliance, a group set up to improve the quality and affordability of UK housing.

Giles said the Chancellor had delivered some 'very nice words' but questioned the suggestion that Britain's rising tax burden had been the harbinger of sluggish economic growth. A commitment to achieve sustainable economic growth was welcome but had to be backed with evidence of how it would work in practice.

Myers said that the government could face up to the challenge of improving Britain's productivity if it worked intelligently to solve the puzzle. Commitments to fiscal sustainability could be developed alongside plans to reform wider policy challenges, including childcare, education, energy and planning.

Adam welcomed the government's focus on economic growth but cautioned against making assumptions about future growth, which may have worried the markets in the aftermath of September's fiscal event.

As ever, audience questions were a key part of both events.

At Labour, Murray said the government's emphasis on taxation of work over assets was 'misguided'. He argued for a review and potential abolition of business rates, saying it seems wrong that businesses pay them no matter if they are making a profit or not.

At the Conservatives, the decision to scrap the Office of Tax Simplification was felt by Adam to be incompatible with the simplification agenda, while for Giles it had become an overlooked quango. All three panellists acknowledged that the withdrawal of the personal allowance for those earning more than £100,000 per year had created a complicated and opaque point in the income tax system.

You can read our full reports on the party conferences at:

[tinyurl.com/LabTax22](https://tinyurl.com/LabTax22)

Image



Conservative debate panel: Chris Giles, Stuart Adam, Susan Ball, John Myers

Image



Labour debate panel: James Murray, Susan Ball, Chris Giles, Paul Johnson