

## Contractors should benefit from a simpler, predictable and more stable UK tax system

Contractors could see a fairer UK tax system in place as a result of a new tax policy initiative published alongside the budget. It could lead to a reduction in the uncertainties around [IR35](#) and employment status, which plague [limited company contractors](#).

In his foreword to '[Tax policy making: A new approach](#)', [David Gauke](#), Exchequer Secretary to the [Treasury](#), says: "As a Government, we share the objectives of business and the tax profession to have a more deliberative process in making tax law, with legislation of the highest quality."

The document states that, to encourage enterprise, the government wishes to create a more predictable tax regime, with greater stability and simplicity. To do so, it intends to involve tax experts and the business sector in formulating policy.

Although the consultation highlights a series of initiatives planned for the summer, which includes establishing a forum of tax professionals to meet twice a year with ministers, there is no hint of when anti-contractor measures, such as IR35 will be repealed. In the meantime, IR35 is still being enforced by HMRC and the government is [maintaining its position that IR35 will be reviewed](#), as part of a wider reform of small business taxation.

### A strategic approach to tax policy

The consultation sets out the three stages to the development of tax strategy as: identifying clear objectives and options; choosing the best options and a framework for implementation; and drafting the legislation.

Improvements on the existing consultation process will include fuller consultations, greater clarity from government and linking the policy, its impact analysis and assumptions with the objectives before identifying who within government is accountable for each stage of the process.

Although confirming its commitment to tackle tax avoidance, the government admits that anti-avoidance measures have contributed to the complexity and perceived instability of the UK tax code. Rather than making frequent reactive changes to close loopholes, a more strategic approach will be adopted to avoidance risk.

### Contractors urged to have their say

Contractors who wish to be involved should contact the Treasury team responsible by 12th July 2010. Contacts there are Cerys Morgan (Budget Strategy and Tax, HM Treasury) and Cheryl Scott (Central Policy, HM Revenue and Customs). They can be contacted via email on [taxpolicymaking@hmtreasury.gsi.gov.uk](mailto:taxpolicymaking@hmtreasury.gsi.gov.uk).

For those contractors who don't wish to play an active role but simply wish to have their views noted, they should contact the above email address by 22nd September 2010.

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David Gauke, Exchequer Secretary to the Treasury

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