

PRIME MINISTER

9 July 1986

TAXPAYERS' CHARTER

This Charter is a useful addition to the taxpayer's "administrative" right to have his tax affairs dealt with sensibly and fairly. If enforced, it should be much harder for individual inspectors to harass the innocent taxpayer.

But enforcement is the problem: whilst one can appeal to independent appeal commissioners over matters of tax law, appeal over tax administration (the substance of the Charter) is only up through the Revenue or to one's MP. Unless (say) the commissioners' powers are extended also to review administration, the Charter cannot be fully effective.

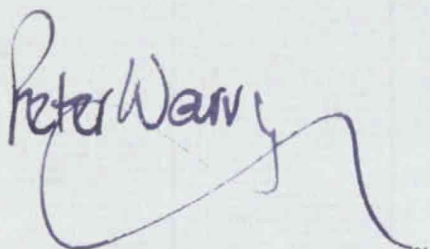
On detail, the Revenue could also give commitments in the Charter:

- never knowingly to demand more tax than is due, save where the taxpayer has failed to submit accounts (this is already implicit in the Charter, but could be made explicit);
- normally not to apply retrospectively new policies or new interpretations of the law to the taxpayers' disadvantage.

More controversially, the Revenue could agree to:

- a de minimis rule, whereby they would not pursue tax liabilities where the burden of assessing and collecting them was disproportionate to the amount involved (this is directed at the niggling pursuit of minor taxable benefits, but in general application it can present problems of fairness as between two similar taxpayers);
- have regard to the size of a business when stipulating the administrative procedures necessary to meet Revenue requirements (ie proportionately to place no greater administrative burden on small companies than large ones).

Even in its present form, the Charter is a significant advance on present practice, but the Chancellor could be pressed to concede some of the points above.

A handwritten signature in blue ink, appearing to read 'Peter Warry', with a long, sweeping flourish extending from the end.

PETER WARRY