

DEBATES AND QUESTIONS IN PARLIAMENT

The House of Commons, February 19, accorded a Second Reading to two Bills designed to consolidate existing revenue laws. They were the Income Tax Bill, introduced by the Attorney-General, Sir Lionel Heald, and the Customs and Excise Bill, introduced by the Financial Secretary to the Treasury, Mr. John Boyd-Carpenter. The complexities of the law relating to the collection of revenue, its anomalies, absurdities and injustices may be seen in the following extracts from Hansard Debates. Parliament would have been better occupied had it considered their repeal instead of their consolidation.

Income Tax Bill

Moving the Second Reading of the Bill the Attorney-General, SIR LIONEL HEALD, said: No one with any knowledge of the Revenue Law as it now is will be surprised that it took so long to produce the draft. After all, to-day, and until the Bill becomes law, any unfortunate person who has a tax problem has to consult this volume which I hold in my hand, or, I should say, in my two hands, because it will not go into one. It is a great green book issued by the Stationery Office, and has about 150 pages plus a large number of supplements. Anyone consulting that volume to find out the law will discover that it starts with the Income Tax Act of 1918 and that there are 55 other Acts of Parliament in it. If he is lucky enough to find out the answer to his problem he will very likely discover that the answer is the wrong one anyway.

The new Bill is not a small one. I have a copy of it here in my hand, and it has something like 508 pages and weighs something over a pound. It has to be borne in mind, however, that we have in a single document the law set out in logical order, and except for certain very limited purposes a person can now hand over these 55 statutes to the waste paper collectors. The only people I think who will really regret the contents of this Consolidation Bill are the tax experts, because now it will be possible for anyone to start trying to find out in this Bill what the Income Tax law is about. Previously I always felt, as one who approaches these matters with a comparatively vacant mind, that it was extraordinarily difficult to find what it was all about.

SIR FRANK SOSKICE (Labour), Attorney-General in the previous Government, welcomed the Bill. He did not know whether it was possible, in the nature of things, to codify Income Tax Law with the General Finance Law, but he hoped that ultimately it might be done. Whether that was done or not, all must welcome this first step, the consolidation in manageable form of the very many statutes which now go to make up the Income Tax and Surtax Code. He hoped that ultimately the consolidation would include the legislation which deals with Purchase Tax, Profits Tax and other taxes. The Tax Law had been getting progressively but unavoidably into a state in which it was more and more difficult, not only to find things, but to understand what one found, and even to understand where to find them.

Customs and Excise Bill

Moving the Second Reading of the Bill, the Financial Secretary to the Treasury, MR. JOHN BOYD-CARPENTER, said that its main intention and effect was to bring into the scope of a single statute the whole of the law relating to the collection of the revenues both of Customs and Excise. That law was at present to be found in no fewer than 200 Acts of Parliament passed during the past 150 years. He thought the oldest of those mentioned in the Schedules was the Sales of Beer Act, 1795.

Not only did the wide dispersal of the law in such a wide variety of measures of different dates make it difficult to discover what is, precisely, the law on a great many of the issues which arise, but equally much of that law itself was archaic in form and either obsolete or obsolescent in substance.

The Schedules to the Bill provided for the complete repeal of no fewer than 47 Acts of Parliament and for the repeal, in addition, of some 540 Sections enacted in other Acts of Parliament.

The Government believed that the Bill would clarify the whole legal framework of the complicated matters which are

the spheres of Customs and Excise and in addition would provide the legal framework for more recent matters such as the machinery of the Purchase Tax which are now within the duties of Customs and Excise.

The need for the Bill, or something of this sort, had been apparent for a great number of years. One could go back as far as 1876 and still find that attempts were being made to consolidate the law on this subject. Draft consolidation measures were actually prepared in 1898, 1911, 1923 and in 1938.

SIR FRANK SOSKICE (Labour), Attorney-General in the previous Government welcomed the Bill. It consolidated a great mass of unwieldy legislation and at the same time made a number of changes.

It was necessary, desirable and useful that changes should be made. The existing law on this subject, dating from 1795, was in many respects archaic, outmoded and almost impossible to understand.

MR. GEOFFREY BING (Labour) regretted that the Bill consolidated existing offences; it maintained injustices which had been perpetrated for many decades. Referring to the Tobacco Duty he said that there were three ways in which tobacco was taxed. He recommended the method employed in the United States whereby stamps are affixed to each particular packet of cigarettes, cigars and tobacco, instead of taxing tobacco at its port of entry as described in this Bill.

The difficulty was that tobacco, when growing, contains a certain amount of moisture. If tax was paid on that moisture the manufacturer naturally complained. Therefore, it was essential to have tobacco grown to an absolutely fixed moisture content. Any variation in the moisture content of a sale obliged the customs authorities to reject it.

It was easy to grow tobacco with a uniform moisture content under semi-industrial conditions, but with a peasant-grown tobacco it was very difficult to do so. One of the reasons why it was impossible to deliver to this country the amount of tobacco specified in the trade agreement with Yugoslavia was that the average moisture content varied very considerably from bale to bale. Yet it was really first-class tobacco. The quarrel was not that we could not have used the tobacco, but that our system of taxation was so inflexible that though this was the best tobacco we could get, and at a very good price, we could not afford to buy it because the Customs authorities could not see any means of taxing it.

MR. F. J. ERROLL (Conservative) said that one of the most important of questions which arose was that in many cases the amounts of duty collected were very much greater than the value of the goods on which duties were levied. That led to a number of anomalies and to difficulties which were not envisaged when the taxes and duties were originally imposed in a more modified form.

Nowadays, in a modern cigarette factory, the dust which falls from the machine has to be collected with great care because it is so valuable—not because of its intrinsic value—but because of the amount of duty which attaches to even the dust which falls from the machine. It could not be right that a firm should be put to that type of additional cost merely because of the artificial value which attaches to the waste products as a result of the general level of the duty being so high. The same applied to hydro-carbon oils. In the old days, when the duty was small, petrol was a relatively cheap commodity, but now that the duty is so high it has an artificial value and wastage through evaporation is now a very serious matter. They see money evaporating out of all proportion to the value of the spirit itself.

Mr. Erroll did not think that there would be a single paraffin powered tractor in Britain to-day were it not for the fact that paraffin does not attract hydrocarbon oil duty. On purely technical engineering grounds nothing could be said in favour of the paraffin tractor as opposed to the petrol tractor. Were it not for the tax on petrol all farmers would undoubtedly use petrol powered tractors. Something similar was growing up in the field of aviation, where jet powered aircraft have to pay no tax on paraffin fuel they use, but piston operated engines using petrol have to pay the full duty appropriate to light hydrocarbon oil.

Mentioning complaints that the duty and purchase tax on gift parcels from abroad often exceeded the value of the gifts themselves, Mr. Erroll asked that *bona fide* gifts should not be so taxed. He suggested that as a result customs officers would be freed to follow up abuses and organised rackets.

DR. BARNETT STROSS (Labour) said that a large portion of the Bill was concerned with the taxation of weaknesses and, to some extent, of vices. That was not to be complained of, for the principle was to give the people some protection. It could be argued that the community was best protected from excess by means of taxation of this kind, whether it be of spirits, or whether it be tea or coffee—which are also dangerous if drunk in excess—or whether it be the excessive consumption of tobacco.

MR. LESLIE HALE (Labour) said that the powers given to the Commissioners of Customs and Excise in the old days were fantastically surprising. Last week, at Plymouth, a taxi-cab had been confiscated under the Customs and Excise Law because it had carried contraband without anyone connected with the taxi-cab knowing anything about it. The owner of the cab had been compelled to pay a fine of £250.

When the solicitor, protesting, had said that they could not only confiscate the taxi-cab, but that they could confiscate a ship worth £30,000, or for that matter £3 million, merely because it had carried contraband without the knowledge of the captain, he was right and correct under the old law and this Bill, Clause 277 of which says: "*Without prejudice to any other provision of this Act, where any thing has become liable to forfeiture under the customs or excise Acts—*

(a) *any ship, aircraft, vehicle, animal, container (including any article of passengers' baggage) or other thing whatsoever which has been used for the carriage, handling, deposit or concealment of the thing so liable to forfeiture, either at a time when it was so liable or for the purposes of the commission of the offence for which it later became so liable; and*

(b) *any other thing mixed, packed or found with the thing so liable, . . . shall also be liable to forfeiture."*

Replying to the debate on behalf of the Government, MR. BOYD-CARPENTER said that it was impracticable to give a general concession in favour of gift parcels. It was obviously quite impossible to identify a particular parcel as being a genuine gift or not. The difficulty was that any general concession would simply enable people of substantial means to by-pass restrictions which fell upon less fortunate mortals.

But there were some concessions. Parcels up to 22 lb. containing food, well-used clothing, medical supplies and/or soap are, under the present regulations, admitted free. So are parcels from the Forces abroad, not containing tobacco, spirits or scent, up to 10s. in value. These were two substantial attempts to meet the wishes of Members on both sides of the House. The Government was well aware of the merits of this matter.

The Bill was referred to a Joint Committee of Lords and Commons.

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QUESTIONS IN PARLIAMENT

AN ACT CONDEMNED FROM THE OUTSET.

MR. C. I. ORR-EWING (Cons., Hendon North), asked the Minister of Housing and Local Government, March 13, if he would make a statement about the rating revaluation and the investigation into the operation of equalisation grants provided for by the Local Government Act, 1948.

MR. H. MACMILLAN: "It has become clear that the revaluation cannot be completed by April, 1953. The Government have considered whether it could be carried out in two stages, but we think it important to revalue all classes of property simultaneously even at the cost of some delay. New legislation will, therefore, be introduced giving power to postpone the date, but we shall aim at finishing by April, 1956, at the latest and earlier if possible.

In view of this, the Government have decided to begin in the new financial year, an investigation into the operation of the equalisation grants. It must be understood that the Government cannot contemplate changing the system in any way which would increase the burden of grants on the Exchequer, but this investigation will have the scope, and be conducted in the manner, required for the statutory investigation in the year in which the revaluation comes into operation.

REPEAL OF DE-RATING URGED.

LIEUT.-COLONEL MARCUS LIPTON (Lab., Brixton), asked the Minister of Housing and Local Government, March 14, whether, in order to increase the income of local authorities, he would take steps to terminate the derating of industrial hereditaments and agricultural land. Would the Minister see, therefore, that wealthy industrialists and landowners were no longer subsidised at the expense of less fortunate ratepayers? In Burton, for example, one firm costs the local rate fund far more than it ever pays in.

MR. H. MACMILLAN: "This proposal raises large issues and will require the exploration of long avenues and the turning over of many stones."

It is evident that the present Government has no intention of repealing landlord legislation introduced by a previous Conservative administration.

TOWN AND COUNTRY PLANNING ACT (CLAIMS).

MR. DEEDES (Cons., Ashford), asked the Chancellor of the Exchequer, February 26, whether the assessment of claims upon the sum of £300 million set aside under the Town and Country Planning Act, 1947, is sufficiently far advanced to enable him to give the House an indication of the probable total of such claims when finally determined, and, therefore, of the possible scale of payments.

MR. R. A. BUTLER: "Yes. I am advised that the probable total should be in the region of £345 to £350 million. It seems probable the the so-called "near-ripe" classes of claimants, together with some other groups who have been led to expect preferential treatment, will not absorb more than about £100 million. If this proves to be the case, it would leave about £200 million available against the remaining claims of from £245 million to £250 million.

DEVELOPMENT CHARGES.

MR. ROBSON BROWN (Cons., Esher), asked the Minister of Housing and Local Government in a written question, March 11, if, in his review of the financial provisions of the Town and Country Planning Act, 1947, he will bear in mind the hardships caused by development charges to persons of limited means desirous of building their own homes.

MR. MACMILLAN: "Yes."

MONOPOLIES COMMISSION REPORTS.

MR. P. THORNEYCROFT, announced, March 20, that he hoped to receive the report on the Monopolies Commission on electric cables during April. The report on matches and match-making machinery and the report on insulin are expected to follow during the course of this year. Other subjects before the Commission are non-ferrous metals, the printing of fabrics, and imported timber, but it was not known when reports on these matters may be expected.