

My speech during the debate on the Finance Bill, 27 April 2020

John Redwood (Wokingham) (Con): I have declared my interests in the Register of Members' Financial Interests.

At the time of the Budget it was a very different world. The Government were forecasting a little bit of growth and recommended a modest stimulus.

I remember that I was able to welcome that stimulus in the Budget debate—I thought it was right that we boosted public spending a bit and borrowed a bit more—but with masterly understatement I said that I was a bit surprised by the magnitude of the stimulus: I thought that perhaps something more was needed.

In the six weeks that have elapsed since then, we have seen a blizzard of announcements that have made it clear that the Government recognise the magnitude of the downturn that now besets us and the world economy and are rightly moving swiftly to try to provide some compensation to the many businesses that cannot trade and the many people whose jobs are under threat or whose income is disappearing because of the lack of work.

The response is correct, so the Government should look again at the Finance Bill in the light of the fact that the events that led to its formation have been completely overtaken by the magnitude of this crisis, and because we will need quite soon a Finance Act that does everything in its power to promote recovery.

Tax rises are not a good idea at all. The Government, in this period of response to the crisis, have offered tax holidays, tax reductions and tax deferrals, which is the right response as the private sector and individuals cannot afford those taxes at the moment with their incomes so rudely interrupted.

The Government must also look at the groups of people they are targeting. I urge the Minister to think again about changing the rules on IR35. There are about 5 million self-employed people in this country who have been doing a magnificent job for us.

They provide flexibility, service and products that we need and they are very competitive. A number of them have been living under the shadow of those tax changes; some have lost contracts and work to overseas companies and competitors simply from that threat. I therefore urge the Minister to think again and recognise that we need to reward and encourage those people, not threaten them with a new tax. Above all they will offer a lot of the flexibility, hard work and energy that the recovery will need.

The Government are right to provide as much compensation as they can and the Bank of England is right to buy a lot of bonds and create money, but we all

know that that is not a sustainable model for the economy in the medium to longer term. I echo the comments of colleagues who rightly said that we need a way back to safe working as quickly as possible. The only way we can afford to pay for the NHS is to have more people at work paying taxes and earning decent incomes, and more companies generating turnover who can then afford company taxation.

Through the Finance Bill and all the other measures the Government can undertake, we must together ensure that we have as early a return to work, and as safe a return to work, as possible, and that means working away with business on better safety so that people have the clothing and equipment they need, automating where necessary and allowing proper social segregation while people are working in warehouses, offices and shops.

We need to develop those new business models, and the Government can provide a lead by showing how they can continue to administer their great services while looking after the safety of their employees to the best possible effect.

That requires reshaping the Finance Bill. I am delighted that the Minister is thinking of making amendments to the Bill during its passage through the House. I ask him above all to look at measures that could reward companies that go in for a new model, and reward employees and the self-employed who go that extra mile to work safely and create some restoration of service and activity in our economy.

No one in this House has seen anything on this scale or magnitude before. Never have we got to the point where a quarter or more of the companies in the country are not allowed to trade and millions of people are banned from doing their job because of public health and safety considerations.

In this situation, we need to offer them a Finance Bill with hope, a Finance Bill that will help them finance the recovery and a Finance Bill that will make it worthwhile for them to lead that recovery as soon as the time comes.