

The EU view of the Protocol Agreement

The EU on Monday released a statement on the political Agreement with the UK over Northern Ireland.

It made clear "The EU plant and animal health rules remain applicable" in NI

It states there will be " a set of new and existing safeguards including SPS inspection facilities and labelling " for food trade

Pets will need a chip passport and a statement they are not going to the EU to enter NI from GB

Goods going to NI will need new labelling

EU VAT rules still apply in NI with " new flexibilities"

"The European Court of Justice remains the sole and ultimate arbiter of EU law"

EU laws will still apply in single market areas to Northern Ireland.

I am asking how the EU will determine which EU laws to apply, if and how our freedom to set taxes will be limited, and why the UK government wants to embed the Protocol permanently into law.

Will there be any way to modify or exit the Agreement if it does not work out as hoped?

Raising the VAT threshold

The VAT threshold determining when a business must register to charge VAT, is stuck at £85,000. This was the level Ministers were told the EU required. With rapid inflation this is now a small amount. If a business makes a profit of 10% it has to register when it reaches £8500 of profit. Many small businesses now seek to keep their turnover below the ceiling, putting off taking on extra business. They do not want the extra costs of setting up a VAT system, reporting to HMRC, and dealing with VAT inspections when they want to be growing their business and serving customers. Some businesses look for ways to exceed the turnover threshold by accepting cash and not declaring any of that transaction for tax, so there is a loss to the tax authorities.

At a time when we need growth and when we need extra capacity of many kinds to supply more and help curb inflation, it would be a good idea to raise the threshold. Putting it up to £250,000 would be a big win, allowing many more

businesses to do a bit more without the tax complication, and reducing tax evasion. Overall there would be more revenue growth as the extra business generated produced more taxable employment, more purchases of VATable items used by the businesses and their customers, and more profits tax on the successful businesses.

No deal is better than a bad deal

It was a great pity the government did not stick with its mantra, No deal is better than a bad deal, when Mrs May was negotiating our exit from the EU. It is as true today over the Northern Ireland Protocol.

Two week-ends ago I read that a deal had been agreed and that we would hear it on the Monday and vote on it on the Tuesday. Nothing happened. Ministers assured us there was no deal. They told us they were still negotiating, yet various forces were briefing the press otherwise.

The same thing happened this week-end. I read we are on a 3 line whip today for an NI deal. There was no such thing on the whip sent out to Conservative MPs.

Clearly Ministers would like a deal, and are working on one. They now say they will not sign a deal which fails to tackle the issues over who governs Northern Ireland as well as the trade issues. Let me briefly remind you what the big ones are:

- 1 Does the deal remove all EU barriers to GB to Northern Ireland trade?
2. Does it remove all EU laws from economic activity taking part entirely within NI if that entails sales to NI, to the rest of the UK or to non EU countries?
3. Does it restore the UK's right to settle all tax and state aids policy in NI?
4. Does it restore the supremacy of the Good Friday Agreement, as set out in Article 1 of the Protocol, allowing the restoration of Stormont by gaining the consent of the Unionist community to these arrangements?

It would be a bad idea to settle for partial success, as the EU's aim will be to get the EU to accept a binding Agreement, leaving us open yet again to EU laws and legal challenge as we always were when in the EU.

The need for more self employed

In early 2020 there were over 5 million self employed. The most recent figures show this has slumped to 4.3 million, a fall of 14%. This has occurred at a time of continuing low unemployment. It took place against a background of changes to Treasury rules for companies employing self employed contractors designed to reduce the numbers. There were also early retirements from self employment brought on by lockdowns.

Self employment growth is essential to healthy growth in an economy. Self employment can expand capacity quickly where it is needed. It can produce more innovation and better value than large companies can manage quickly or at all. Many self employed people provide great service. They have to take full responsibility for their actions and for their customers' satisfaction.

The latest variant of IR 35 rules makes it more difficult for people to start up as self employed, and puts larger companies off hiring them. Of course there should be rules against people who simply work for one company entering into an arrangement that is designed to create tax advantages for themselves and or the company compared with a proper employment contract and PAYE salaries. Nor do we want to see people forced into less job security by employers who want to strip them of some benefits whilst keeping the benefits of their work.

What we do want is the ability of people who choose to do so to offer their services to a range of companies and customers without tax rules getting in the way. We need a pro self employment revision to the tax code, which was better before the 2017 and 2021 changes.

The new Wokingham constituency

The new Wokingham constituency loses its wards in West Berkshire, Earley and Shinfield. It gains Remenham, Wargrave, Ruscombe, Hurst, Twyford and Charvil from Maidenhead, and Wokingham Without, Finchampstead North and Finchampstead South from Bracknell. These are places that are in Wokingham Borough and have in the past been in the Wokingham Parliamentary constituency. I represented the Northern wards and Wokingham Without when first elected to Parliament.

The new seat will no longer include wards from two different Unitary Councils, and will no longer include places that look towards Newbury. It will mean no ward has a boundary with Reading.