

Tax independence

The Conservative Manifesto, echoing Vote Leave, promises to take back control of our money and our laws. Some are writing in to claim we will have to live with tax harmonisation or a level playing field with the EU after we have left thanks to the withdrawal Agreement.

I do not see it like that. It is most important we are free to set our own taxes. Today in the EU we have got away with setting a lower Corporation Tax rate than many other states, though there have been adverse judgements on other Corporation tax matters making us do as the ECJ decides. We are free to set our own Income tax rates, but are subject to strict controls on VAT which is partly an EU tax.

The government has made clear it will change the list of items subject to VAT once out. We need to assert our own authority over all taxes. The Bill to implement the Withdrawal Agreement contains a sovereignty clause. Once the Implementation period is over EU tax and other laws will no longer apply unless we choose to enact similar measures.

I do not think we will still have to raise or keep up taxes that we want to lower or abolish once out. Debate on the bill will be an important opportunity to clarify this matter. The likely decision to press on and take VAT off some items will be important proof that we have indeed taken back control of our taxes.