

Can we now cut VAT?

One of my reasons for campaigning over the Northern Ireland protocol is I want the UK government to be able to set or amend taxes they impose. One of the Brexit wins for me was going to be removing VAT from items that should not be taxed like female hygiene products, home insulation and other green items. I also wanted to raise the threshold limit before a small business has to comply. There are many cases now of small businesses that stop trading during the year in order to avoid exceeding the £85,000 turnover limit. Literally guests houses have some months when they refuse guests and many small trading businesses discourage orders when they are getting near the limit.

The arguments of the last few weeks have not for me been theoretical or constitutional or over diplomacy. They have been about these basic issues of who sets the taxes and who fixes the law that have a direct impact on the small businesses of my constituency and the rest of our country. In 2019 the UK lost a case in the European Court and was forced to impose VAT on wind and water turbines. A complex services test was imposed before insulation could qualify for zero VAT. In 2022 the UK legislated to correct some of this bad judgement, but could not make changes for Northern Ireland under the Protocol.

I have long been worried that the Treasury's reluctance to raise the VAT threshold relates to their belief that they cannot do so for Northern Ireland. I will table some more questions about what powers the EU will still have under the latest agreement, both over NI and the whole of the UK. It appears the UK has accepted it needs to keep much of the VAT law framework. VAT is a bureaucratic tax, expensive for business to administer. Instead of just being a tax on the final consumer, a simple purchase tax, it is a tax on all business activity. It needs a system of input and output taxation, with businesses trying to reclaim VAT on materials and intermediates, as every time a component, material or finished manufacture changes hands it attracts VAT.

We fight to keep the weekly bin collection in Wokingham

I have supported our Conservative Councillors in trying to keep our weekly bin collections. I was pleased to see this press release from them:

Conservative Councillors Win Vote to Keep Weekly Bin Collections Following Petition of 1800 Residents

Wokingham Conservative Group and one of the Borough's Independent councillors voted to retain weekly bin collections despite the Liberal Democrat/Labour Coalition administration's plan to reduce bin collections to fortnightly.

The vote came after a debate on a petition of 1800 residents' signatures.

The petition, presented to Council last month, reflects concerns for larger families, for people who have more waste to dispose, such as nappies, and for residents who do not have room to store rubbish.

At the Budget Council meeting in February Liberal Democrat Cllr Ian Shenton described the petition as "spurious".

This follows a Council consultation where only 24 per cent of responders said that they liked the idea of fortnightly collections.

The Council consultation on waste did not include an option to retain the current system of weekly collections or blue bags, preventing local people from expressing a view.

Wokingham Conservative Councillors would retain weekly waste collection and make savings by enabling residents to recycle more of their household waste. The cost to the Council of disposing of recycling is significantly cheaper than that of general waste.

Despite other nearby authorities moving to fortnightly collections, previous Conservative administrations in Wokingham Borough have kept weekly waste collections for 20 years, through careful management of the Council's finances.

Cllr Norman Jorgensen, Shadow Executive Member for the Environment said "It is clear the majority of residents wish to retain weekly waste collections. I am pleased that an Independent councillor recognised just how unpopular this policy is and has voted with us.

"The Lib Dem/Labour Coalition didn't give residents the chance to express their views on keeping weekly bin collections. I am glad we were able to bring resident's views to the Council despite Liberal Democrat's attempts to discredit it as "spurious".

"Waste collection and recycling are important universal services that everyone in the Borough relies on. This policy will not save any money in the short term. In fact, it is expected to cost £2 million to implement. And future savings are not guaranteed. Remember this is the administration who said, when they scrapped the caddy liners, that they would increase recycling, saving the Council £300k. As we predicted at the time food recycling has not increased.

"Residents are being expected to pay more for less – this is not value for money for taxpayers."

Cllr Pauline Jorgensen, Leader of the Conservative Group, said, "This was a vote on one of the Liberal Democrat/Labour Coalition's key policies. They

have wasted months trying to force through this unpopular and flawed decision.

“The Liberal Democrats didn’t include imposing fortnightly bin collections on residents in their election literature. In fact, some members of the Liberal Democrat Executive previously campaigned to keep weekly waste collections.

“Now residents have had their views heard. I hope that this will make the Lib Dem administration think again.”

ENDS

[My Conservative Home article](#)

When the Red Wall seats tumbled to the Conservatives in 2019 they did so for two main reasons. Many voters were angry with Labour and the outgoing Parliament for seeking to overturn the results of the EU referendum. They voted to get Brexit done. They also voted for a Conservative government rather than a Corbyn led Labour one, expecting a Conservative government to be much better at managing the money and promoting their own prosperity.

They did not lend us their vote. They gave us their vote. They did not vote Conservative hoping for the Conservatives to be Labour light. They knew the Conservatives might cut tax rates for the rich as part of a general tax cutting agenda to make all taxpayers better off. They were reassured by a Manifesto that clearly ruled out most tax rises, unlike Labour. They expected the Conservatives to promote growth and to restrain migration. They expected some opposition to wokery. They knew the Conservatives would look to the private sector to do more of the heavy lifting of investing and promoting jobs.

Some Conservative MPs and Ministers seemed to think they needed to be more like Labour to keep these wandering voters. A Conservative government with a majority of over 70 has as a result introduced windfall taxes that do not even limit themselves to just taxing windfalls. These will now cut supply and damage investment. It has hiked business taxes. It has renationalised large parts of the railway. It has spread state education and child minding down to babies and the under 5s. It locked the whole country down for long periods, instructing people not to meet friends and family or to go to their regular places of work. In each case Labour has supported these moves but of course complained that they did not go far enough or were introduced later than desired. It has reinforced the misleading Labour idea that prosperity comes from Whitehall grants, encouraging MPs to bid for state funds to renovate or adorn their towns and cities, without releasing sufficient

entrepreneurship to rev up the private sector economy.

Some of my correspondents write to me about the Lab/Con coalition they think we live under. They do not praise it, but complain it is not delivering what they thought they were voting for when they voted Conservative three years ago . Where is the clean Brexit, free of the EU and European court interference? Where is the control of our borders? Where is the low tax pathway to faster growth they ask? I write back and explain that there are some clear dividing lines between Conservative and Labour. Just look at the squeals of protest from the left as the government does try to implement the Prime Minister's most memorable promise, to stop the boats. There has been some fight back over extreme wokery, with a successful challenge to the SNP's approach to legislation on gender issues. The government was persuaded to reverse its foolish increase in National Insurance, and says going forward it wishes to cut taxes for the many.

There is still the danger that the government will not do enough to show why voting Conservative gets you a better deal and is sufficiently different from the massed parties of the left. They fight each other to be more pessimistic about the outlook, to be greener than each other in ways which intrude on daily lives. They invent news ways to tax success and enterprise. They favour importing anything that creates carbon as if it saves the planet if foreigners generate the gas and take the jobs and profits. They vie with each other to come up with more ways of regulating business and family life, and to expand the state budgets and workforce well beyond the affordable.

This week we see a Conservative government confident it can win votes on a high tax budget strategy as the Opposition parties like it much more than many Conservatives. We see a government that was granted a blank cheque to do a worse deal than it eventually did with the EU, as there is no sell out too craven for the Opposition to accept. It can rely on Opposition votes to get through the contentious Protocol legislation. Conservatives and Unionist allies are full of worry about the continuing powers and ability of the EU to control Northern Ireland and cause tensions within our Union, but the coalition in Parliament has plenty of votes.

The Prime Minister's five aims make sense. Inflation will come down as it needs to do, thanks to the extreme monetary policy flip flop from the Bank of England. The NHS waiting lists can come down assuming the government has now sorted out pay levels and can see more medical staff recruited to get the job done. Growth will resume next year, though it needs to be sooner and faster. Borrowing levels will reduce when growth is fast enough. Stopping the boats is crucial. The public will want success, not just good intentions.

Speeding economic recovery is central to winning again. It takes a substantial tide of economic growth to lift enough voters boats. That in turn needs tax cuts to boost living standards and demand, and needs a dedicated programme of licences, better

regulations and government contracts to start increasing our capacities to supply everything from home grown food to bullets, from home produced oil and gas to UK made cars, from more broadband to a much larger electricity grid. There is not much time to do all this before the next election. The crucial thing for the government to remember is many people voted Conservative knowingly and for two clear purposes. The government must do everything possible to take full control of our country and its borders, and must do far more economically to promote growth and investment.

[My final word on the Northern Ireland Stormont Brake debate](#)

John Redwood:

The Government should not put this measure to a vote now. This will not work. It cannot work as a brake, because Stormont will not meet because of it. It gives amazing powers to the European Union.

[My Interventions in the Northern Ireland Stormont Brake debate](#)

John Redwood

Does the right hon. Gentleman agree that because the EU will have powers over things such as VAT and state aid in Northern Ireland, it will also have powers on a drag-through basis over the whole United Kingdom? Does the whole United Kingdom not need a veto?

Sir Jeffrey M. Donaldson

I agree with the right hon. Gentleman. That is why we need a solution that enables the United Kingdom Government and this Parliament to regulate the entirety of the United Kingdom internal market. That is the solution. I am not saying that where Northern Ireland businesses trade with the European Union, EU standards and rules should not apply; I am saying that we can allow for that. What I do not accept is a situation where every business in my constituency must comply with EU rules even if they do not sell a single widget to the European Union. That is wrong, because it harms our place in the internal market of the United Kingdom.

The Stormont brake seeks to address the democratic deficit that I have mentioned, and to an extent, it provides a role for Stormont to pull that brake where changes to EU law occur, but I note that it does not give us any ability to deal with existing EU laws that impact on all manufacturing in Northern Ireland—laws that have been applied without our consent. To that extent, the brake cannot apply. It applies to amendments to EU law or changes new EU laws that are introduced.

I also note that in the proposed arrangements, it is available to the EU to take retaliatory action in the event that the UK Government apply a veto to a new EU law. That is a matter of concern to us in Northern Ireland, because retaliatory action could come in a number of forms. It could include the suspension of arrangements in the green lane, which would impact our ability to bring goods from Great Britain to Northern Ireland. We need to be clear that it is wrong for the EU to be able to intervene at that level in the free flow of goods from one part of the United Kingdom to the other. I highlight that issue as a real matter of concern to us.