

5 October 2026

Rt.Hon. James Murray MP
Financial Secretary to the Treasury
HM Treasury
Via email: Action.FST@HMTreasury.gov.uk

Dear James,

Tax policy consultation

It was good to see you last week and thank you again for joining our panel session at Conference. We are writing in relation to the letter sent to all ministers by the Chancellor of the Exchequer, First Secretary of State and Attorney General on 7 September 2026, titled *The Simplification and Agency of Government*. We are concerned that the letter appears to suggest a downgrading of the importance of consultation by government.

While the letter to ministers addresses the approach to be taken to consultation across government, our focus is tax policymaking and the role that we believe consultation plays in producing effective, coherent and implementable tax policy.

Shortly after the letter to ministers was published, CIOT sought clarification at HMRC's Stakeholder Conference on 10 September about what the proposed approach might mean for tax policymaking. It was reassuring to hear that HMRC continues to value stakeholder engagement, recognises the importance of consulting early and remains committed to drawing on external expertise. It would provide additional reassurance if you could put on the record that you share that view.

We recognise the Government's wish to ensure that decision-making processes are proportionate and do not create unnecessary delay. However, tax policy is complex, highly interconnected and often operationally challenging. It is important that any move towards a less formal consultative approach does not remove or weaken opportunities for proper scrutiny, evidence gathering and stakeholder input.

Why consultation improves tax policy outcomes

In our view, the debate should focus less on whether consultation slows decisions and more on why consultation improves outcomes and the best way to achieve this.

In tax policymaking, consultation is not simply about testing whether a policy idea is right or wrong, or whether ministers should proceed. Ministers are rightly responsible for making those decisions. Its greatest value comes when engagement begins early enough to test the “why” — the nature of the problem, the evidence for intervention and the intended outcome — before moving to the technical “how”.

Effective consultation helps identify unintended consequences, operational challenges, implementation risks and interactions with other parts of the tax system. It enables government to draw on practical experience from taxpayers, businesses, agents, employers, software providers and other stakeholders who will ultimately need to operate within, administer or comply with the new rules.

Tax policy also needs to be considered as part of a wider system. Stakeholders are often able to identify cumulative burdens, interactions between reforms and practical constraints that may not be apparent when individual measures are developed in isolation. Consultation therefore supports not only better individual policies, but a more coherent and coordinated programme of tax reform.

The time invested in effective consultation can reduce the need for corrective legislation, guidance changes and operational workarounds later. Good consultation benefits ministers, HMRC and taxpayers alike.

Recent experiences of the consultation process

The CIOT were already examining how well tax consultation has been working before the letter to ministers was published. Following the replacement of the previous tax consultation framework in 2025, we have been gathering evidence from members and representative committees about how consultation and stakeholder engagement are operating in practice under the new Tax Policy Making Principles¹.

The CIOT welcomes and appreciates the opportunities HMRC and HMT provide for us and our members to engage with them, however our work identified a number of recurring concerns and thoughts as to how more could be done to deliver more effective tax policy.

Issues have included:

- reduced visibility over when and how engagement takes place;
- uncertainty about who is consulted and how different forms of evidence are assessed;
- numerous consultations running simultaneously with short and overlapping response periods;
- insufficient coordination between individual overlapping consultations;
- an absence of a holistic view of wider tax reform programmes by policy makers;
- inadequate explanation of the problem a policy proposal is intended to address or the evidence supporting reform, alongside concern that decisions may already have been made, making consultation feel performative.

These concerns were brought into sharp focus over summer 2026, when the Government launched more than 15 consultations on policy proposals and draft Finance Bill legislation. Deadlines ranged from 6 to 12 weeks and covered several significant reforms. The volume of activity, much of it during the main holiday period, restricted the time

¹ <https://www.gov.uk/government/publications/tax-policy-making-principles/tax-policy-making-principles>

available for proper scrutiny and meaningful engagement, as seen in particular with the timely payment in income tax self assessment proposals², which represent a significant policy change and were given the shortest timeframe for input. In other cases, we questioned whether the evidence presented was sufficient to justify change, for example in respect of the proposed criminal offence of making reckless untrue statements in direct tax³. There have also been instances where policy decisions were announced without prior consultation, leaving little opportunity to identify and address unintended consequences, as with fundamental changes being introduced through the reform of the foreign permanent establishment exemption⁴. These concerns extend beyond tax administration: uncertainty can make it harder for firms to plan and deliver advice and can undermine the UK's competitiveness as a place to do business. A clear and predictable consultation process, beginning early in policy development and allowing sufficient time for meaningful input, would support the stability and certainty valued by taxpayers, businesses and advisers, while still recognising that government may occasionally need to act quickly.

At the same time, our members have recognised examples of effective and agile engagement, often stemming from where the engagement comes early in policy development.

We have taken some time to consider the letter to ministers alongside our ongoing work and the evidence received from members. Against that background, we wish to set out what effective consultation should look like in practice.

What good tax consultation looks like

We recognise that early, informal engagement can be valuable, particularly where it allows practical issues to be explored before policy positions become fixed. However it should not be regarded as a substitute for formal written consultation open to all interested parties when significant tax policy changes are under consideration.

Good consultation should:

- engage the right stakeholders at the earliest practical stage;
- retain a visible more formal route through which all interested or affected parties can contribute evidence before significant policy changes are made;
- provide transparency about the stage reached, timetable and opportunities to engage;
- be supported by a clear and proportionate evidence base explaining the problem, the case for intervention and the expected operational, implementation and cross-tax impacts;
- form part of a coordinated programme of policymaking and consultation activity;
- allow realistic timescales for stakeholders to gather evidence and provide meaningful input;
- explain how evidence and feedback have informed final decisions; and
- include some form of stakeholder feedback or consultation and evaluation after implementation to test whether the policy is doing what it is designed to do, the burdens/costs it may have imposed (often unforeseen or difficult to assess ahead of real data) and whether amendments are required.

Recent experience has demonstrated the importance of this. Better consultation does not necessarily mean longer consultation. However, it does require sufficient transparency, coordination and time for stakeholders to understand proposals, gather evidence and identify practical implications.

² [Timely Payments in Income Tax Self Assessment | Chartered Institute of Taxation](#)

³ [Proposed criminal offence for making reckless untrue statements or declarations in direct tax | Chartered Institute of Taxation](#)

⁴ [Reform of Foreign Permanent Establishment Exemption | Chartered Institute of Taxation](#)

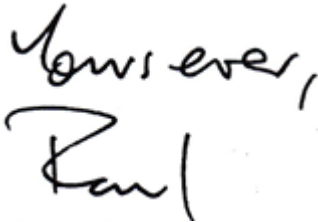
Conclusion

In short, we recognise the Government's objective of reducing unnecessary process and enabling ministers to act decisively. No-one wants to see consultations with predetermined outcomes or policymaking which is unduly delayed. However, we believe that the benefits of good consultation heavily outweigh any drawbacks.

Effective consultation improves outcomes. It helps identify unintended consequences before they become problems, improves implementation, and ensures that individual measures work as intended within the broader tax system. It makes it less likely that government will have to change proposals during their legislative passage or return to amend them in future Finance Bills.

The objective should not be fewer consultations, but *better* consultation: early, evidence-based engagement on the “why”, followed by wide, open engagement on the options for “how”, through a process that is proportionate, transparent, coordinated and focused on achieving workable outcomes.

We would welcome the opportunity to discuss these issues further and to share findings from our continuing work with members on effective tax policymaking and consultation.

A handwritten signature in black ink, reading "However, Paul". The word "However," is written on the first line, and "Paul" is written on the second line.

Paul Aplin
President
Chartered Institute of Taxation