



FIELD COURT TAX CHAMBERS

Lockdown reading¹

Suggested reading for the chancellor

During the lockdown, I have been reading a most interesting book called *Daylight robbery: How tax shaped our past and will change our future*, by Dominic Frisby published by Penguin Business.

It explains the origins of taxes including the Greeks and the Romans – as well as in the UK. He mentions that, even in the fourth millennium BC, the Ancient Sumerians had a proverb: ‘You can have a god, you can have a king but the man to fear is the tax collector’.

Mr Frisby argues that tax was the underlying reason for the US Civil war, as well of course the Boston Tea Party and the loss of the American colonies. Not a great move.

In the UK, the Peasants Revolt in 1381 was an uprising against the poll tax and the later window tax famously caused people to block up their windows. This meant that the population of the cities lived in windowless dwellings, and as they had no sanitation it is no surprise that they were ravaged by disease and numerous epidemics. The English Civil War was also a fight over tax, and the restrictions on the ability to levy taxes was a fundamental feature of the Bill of Rights 1689.

Mr Frisby examines at length the challenges we face from the tech revolution (where everybody is trying to claim the right to tax the big tech companies – good luck with that); cyber currencies (which are presently too advanced for taxing authorities) and the gig economy, all of which reduce the tax revenue.

Tax is power. If kings, emperors or governments lose their taxes they lose their power domestically and internationally. (If you don’t have the money, you can’t fight a war). When tax revenues go down (like after the Black Death when the population was decimated, with a consequential decline in the Crown’s revenue), other ways have to be found to get the money. And the cycle of uprising and possible revolution returns. So it was in Russia, where ruinous taxes imposed by the tsar on the peasants led to the Russian revolution. That was not such a great move either.

This book is both an interesting and chilling read. It exposes the real and lasting consequences of ill-considered tax decisions for short term political advantage irrespective of the social and economic damage. It is much more sophisticated now than it was 500 years ago, but the message is the same.

I think I should send a copy to Mr Sunak. He may find it relevant when the time comes to replenish the coffers.

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He will know that tax increases for other people are always popular. However, the recently published statistics that 1p on the basic rate of tax raises about £5 billion whereas 1p on the top rate of tax raises at best £100m – and possibly nothing at all – is something that Mr Sunak might like to examine. Robbing Peter to pay Paul will always have the support of Paul (as Bernard Shaw famously observed), but robbing Peter and not paying Paul will not be supported by either.

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