



Treasury Committee

House of Commons, Committee Office, 14 Tothill Street, London SW1H 9NB
Tel 020 7219 5769 Fax 020 7219 2069 Email treascom@parliament.uk Website
www.parliament.uk/treascom

Professor Alasdair Smith Esq
Victoria House
37 Southampton Row
London WC1B 4AD

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Dear Alasdair,

Banking tax surcharge

You will have seen the letter of 17 March from several major challenger banks, disputing the CMA's assessment that the new tax surcharge was not a barrier to entry and expansion in the banking market.

Tax is a small but far from insignificant part of the wider competition problem. In its interim report the CMA identified the advantages currently enjoyed by banking industry incumbents. In the light of this, it would have been preferable that the government had delayed the commencement of the banking surcharge until after the CMA had completed its market study and addressed these incumbency benefits. It now falls to the CMA to ensure there is a level playing field for all market participants.

The Committee remains deeply concerned about the current inadequate level of competition in banking. The PCBS was also very concerned. The Committee will scrutinise the CMA's conclusions, on both the banking surcharge and of its market study more broadly, in due course.

RT HON ANDREW TYRIE MP
CHAIRMAN OF THE TREASURY COMMITTEE