

# Office of Tax Simplification

## LENGTH OF TAX LEGISLATION AS A MEASURE OF COMPLEXITY

In his seminal Hardman lecture, Adam Broke pointed to the length of tax legislation, the language used, the drafting style and the diversity of taxes as all contributing to the complexity of the UK tax code<sup>1</sup>. To this list could also be added political pressures and policy initiatives, both of which impact on tax legislation.

In addition to our specific reviews, the Office of Tax Simplification (“OTS”) is analysing the underlying problem of complexity in the tax system. This paper focuses on the length of legislation, although it must be recognised that all the contributing factors are interlinked to a certain extent.

In 2009 it was reported that the UK tax code had exceeded that of India and, at 11,520 pages was the longest in the world<sup>2</sup>. Many of us remember when the Butterworths/Tolley’s Yellow Tax Handbook<sup>3</sup> (or the equivalent CCH Green Book) was a much more manageable two (or even one!) volumes, instead of the five volumes that there are today. The increasing length of UK tax legislation is often cited as indicating that the tax system is becoming more complex.

The aim of the work carried out by the OTS was to consider the extent to which length contributes to complexity. We also ascertained the actual length of the UK tax code and the increase in its length since the introduction of corporation tax in 1965.

This paper is to look at the length of legislation in more detail than just by reference to the size of Tolley’s Yellow and Orange Tax Handbooks<sup>4</sup> (the “Yellow Book” and the “Orange Book” respectively), although these have been considered in some detail.

The paper will include analysis of:

- The length of Finance Acts from 1965 to date;
- The increase in the length of the major consolidation and rewrite acts;
- An analysis of the actual number of pages of legislation; and
- Analysis of ICTA 1988 pre and post Tax Law Rewrite acts.

### **Is lengthy legislation necessarily complex legislation?**

A number of commentators on the tax system believe that the volume of the tax legislation is an indicator of complexity, especially as there may be a number of different rules in existence that a person will need to be aware of in order to comply with the law.

The interim report of the OTS review of tax reliefs<sup>5</sup> stated that volume of legislation does not necessarily lead to complexity, or the clarity and ease with which legislation can be interpreted and

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<sup>1</sup> Adam Broke, The 1999 ICAEW Tax Faculty Hardman Lecture “Simplification of tax, or I wouldn’t start from here”

<sup>2</sup> <http://www.accountingweb.co.uk/blogs/gina-dyer/team-blog/uk-tax-code-longest-world>

<sup>3</sup> Reference is made to Tolley’s Tax Handbooks throughout this paper; it is the version with which the authors have most familiarity but the exercise could have been carried out using the CCH Red and Green Books giving similar results.

<sup>4</sup> Butterworths Yellow and Orange Tax Handbooks prior to 2001/02

applied. Reflecting Adam Broke's point, longer legislation can be clearer and easier to use. The Tax Law Rewrite Project had this in mind: the rewritten acts<sup>6</sup>, which amount to 2,413 pages of legislation, have significantly increased the length of legislation (as measured by reference to the Yellow Book). However, the revised format and use of plain English has made the legislation more logical and readable, at least for those new to tax. Older readers may have mixed views as they struggle to locate familiar sections, and then discover that familiar terms have been recast!

Thus, our view is that in general terms the length of the legislation does not add to complexity, although there are some exceptions.

Finance Act 2011 contained some lengthy and complex legislation; in particular the bank levy<sup>7</sup> and employment income provided through third parties<sup>8</sup> ("disguised remuneration").

The bank levy is lengthy legislation and runs to approximately 33 pages<sup>9</sup>; it is complex but is understood and used by a discrete and sophisticated group of users. The legislation could have been decreased in length but at the cost of much denser legislation. The basic rule for calculating the bank levy is set out as a series of seven steps. There are four groups that may be liable to the bank levy (e.g. UK banking or building society group, foreign banking group etc) and different definitions of assets, equity and liabilities apply in each of these cases. Part 4 is repetitious and runs to 14 pages as the definitions for each of the four groups are set out separately; consequently there will be a significant amount of legislation that can be ignored by an affected group once the relevant sections are identified. The alternative to this drafting would have been impenetrable legislation that attempted to cover the four situations together in one "catch all" provision.

The disguised remuneration legislation is another example of lengthy and complex legislation (44 pages in the Yellow Book 2011/12) but here the complexity is a consequence of the policy rationale behind the legislation. It is an example of a policy that some have said was perhaps over ambitious and that developed over time. The legislation was initially principles based legislation but as representations were received from interested parties on the impact of the legislation when it was published in draft in December 2010, numerous exceptions were introduced before Finance Bill 2011 was published, with further amendments being made during the committee stage in the House of Commons.

In summary, length is not the key factor with legislation; practitioners welcome concise legislation, but not at the cost of legislation that is clear, can be understood and applied and achieves its objective.

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<sup>5</sup> OTS "Review of tax reliefs: interim report" December 2010, [http://www.hm-treasury.gov.uk/d/ots\\_review\\_tax\\_reliefs\\_interim\\_report.pdf](http://www.hm-treasury.gov.uk/d/ots_review_tax_reliefs_interim_report.pdf)

<sup>6</sup> Capital Allowances Act 2001, Income Tax (Earnings and Pensions) Act 2003, Income Tax (Trading and Other Income) Act 2005, Income Tax Act 2007, Corporation Tax Act 2009, Corporation Tax Act 2010 and Taxation (International and Other Provisions) Act 2010

<sup>7</sup> S73 and Sch 19 FA 2011

<sup>8</sup> S26 and Sch 2 FA 2011

<sup>9</sup> In Tolley's Yellow Tax Handbook 2011/12

## **Tolley's Yellow and Orange Tax Handbooks**

A number of commentators use the size of the Yellow and Orange Books (or the equivalent CCH Green and Red Books) as an exemplar for the length of the UK tax legislation<sup>10</sup>, and cite the growth in their size over time. However, this growth does not take into account the fact that both books include detailed footnotes to specific sections, repealed and revoked legislation and some of the rewritten legislation in its original form, as well as omitting some page numbers. There is a popular belief that over the years the paper used in the Yellow Book has become thinner and there is also a belief that the font size has decreased “in a fraught bid to keep down the number of pages”<sup>11</sup>. LexisNexis have stated that this is not the case; the weight of the paper<sup>12</sup> has not changed for “a long time” and the font size has not changed in recent years. However the design changed in 2010 resulting in slightly less space around some of the headings and in 2007 the page size increased slightly to 248mm x 153mm<sup>13</sup>.

The first Yellow Book containing corporation tax legislation was for 1965/66, which was a single volume of 759 pages (plus the index) – this was on heavier paper and there was the luxury of blank space left at the end of schedules or acts. The Orange Book, originally containing legislation relating to VAT, capital transfer tax and development land tax, was first published for 1976/77. The 1990/91 edition was the first time that Statutory Instruments were included in the Yellow Book, which still consisted of a single volume of 1,865 pages. By 1994/95 the Yellow Book ran to 3,196 pages (including the destination table for Taxation of Capital Gains Tax Act 1992), and the following year the Yellow Book was published in two parts for the first time. By 2002/03 the Yellow Book ran to four volumes (Parts 1A, 1B, 2 and 3) and in 2009/10 Parts 1a and 1b were 3,319 and 8,235 pages long respectively. 2010/11 saw the introduction of a fifth volume (Part 1c) as well as a supplement for Finance (No 3) Act 2010<sup>14</sup>. It was also in 2010/11 that the Orange Book was published in two volumes for the first time, again with a Finance (No 3) Act 2010 supplement.

### **The impact of the work of the Tax Law Rewrite project on the length of legislation**

The Tax Law Rewrite project produced seven rewritten acts between 2001 and 2010; one on capital allowances<sup>15</sup>, three specifically dealing with aspects of income tax<sup>16</sup>, two with corporation tax<sup>17</sup>, and one with international and other provisions as they apply to both income tax and corporation tax<sup>18</sup>.

These seven acts amount to 2,413 pages of substantive legislation and have contributed to the overall length of the UK tax code. They are each lengthy acts, for example Corporation Tax Act 2009 consists of 1,330 sections and four schedules.

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<sup>10</sup> See for example <http://www.accountingweb.co.uk/blogs/gina-dyer/team-blog/uk-tax-code-longest-world>

<sup>11</sup> David Gauke MP, Exchequer Secretary to the Treasury, speech to the Financial Executive Network Group, London, 27 January 2011

<sup>12</sup> 30gsm per LexisNexis

<sup>13</sup> Previously 240mm x 151mm per LexisNexis

<sup>14</sup> Enacted 16 December 2010

<sup>15</sup> Capital Allowances Act 2001

<sup>16</sup> Income Tax (Earning and Pensions) Act 2003, Income Tax (Trading and Other Income) Act 2005, and Income Tax Act 2007

<sup>17</sup> Corporation Tax Act 2009, and Corporation Tax Act 2010

<sup>18</sup> Taxation (International and Other Provisions) Act 2010

The length of the legislation arises from the structure of the rewritten legislation, the repetition of definitions within individual acts and the step by step approach adopted for some provisions. The length of the rewritten legislation is considered to be a drawback<sup>19</sup>, but in a survey of users of the rewritten income tax legislation there was a division of opinion as to whether the benefits of longer legislation outweighed the disadvantages; one benefit being a clearer structure. The status of the user influences the view of the lengthier legislation; lawyers and barristers found the increased length unnecessary and burdensome, whereas non-legal tax professionals and tax trainers welcomed the clearer structure, use of plain English and the ease of navigation.

Thus there is no clear consensus in relation to the rewritten acts as to whether length of legislation adds to complexity, and it is possible that in this context it is less the length that contributes to complexity, but instead it is the major changes in the legislation itself.

### **The length of Finance Acts since 1965**

The OTS has considered the length of successive Finance Acts since Finance Act 1965 (which introduced both corporation tax and capital gains tax) up to and including Finance Act 2011. This data is set out in Figure 1 on the next page.

The data has been taken from pdf versions of Finance Acts as originally legislated<sup>20</sup> where these are available, and otherwise from the Queen's Printers copy. The size changed from Royal Octavo to A4 with effect from 1 January 1987, and so for Finance Acts predating FA 1987 an A4 equivalent has been calculated<sup>21</sup>.

1994 and 2004 were the longest Finance Acts, with a concentration of longer Finance Acts between 1998 and 2010, eight of which exceeded 400 pages. Before 1998 only two Finance Acts had exceeded 400 pages. The 2012 Finance Act is likely to be the longest ever, as the Bill is around 670 pages, longer than the 2004 Finance Act of 634 pages.

The most obvious trend that can be identified is the increase in the length of recent Finance Acts, reflecting various major reforms of the tax system (e.g. the introduction of research and development tax credits and tonnage tax in Finance Act 2000, the intangibles regime and substantial shareholdings exemption in Finance Act 2002 and the vast new pensions rules in Finance Act 2004) and the increasing complexity of business life, which has meant new rules are required. The introduction of the disclosure of tax avoidance schemes legislation on 1 August 2004 has given rise to a significant volume of anti avoidance legislation. There is often a lengthy Finance Act following a change in Government (see Figure 2), although it is often the second Finance Act of a new administration that is lengthy as the Government's fiscal policy is introduced, for example Finance (No 2) Act 1997 was short but was followed by the lengthier Finance Act 1998. Then again, look at the length of Finance (No 2) Act 1979 which brought in a seismic shift from income tax to VAT! Figure 3 sets out the major legislative changes since FA 1988.

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<sup>19</sup> See Ipsos MORI "Review of Rewritten Legislation" Research Report Number 104 (HMRC June 2011) p 41

<sup>20</sup> Taken from [www.legislation.gov.uk](http://www.legislation.gov.uk)

<sup>21</sup> By dividing the number of Royal Octavo pages by 1.25. This is the conversion factor used in "The Path to Simplification" December 1995

Figure 1: Length of Finance Acts since 1965

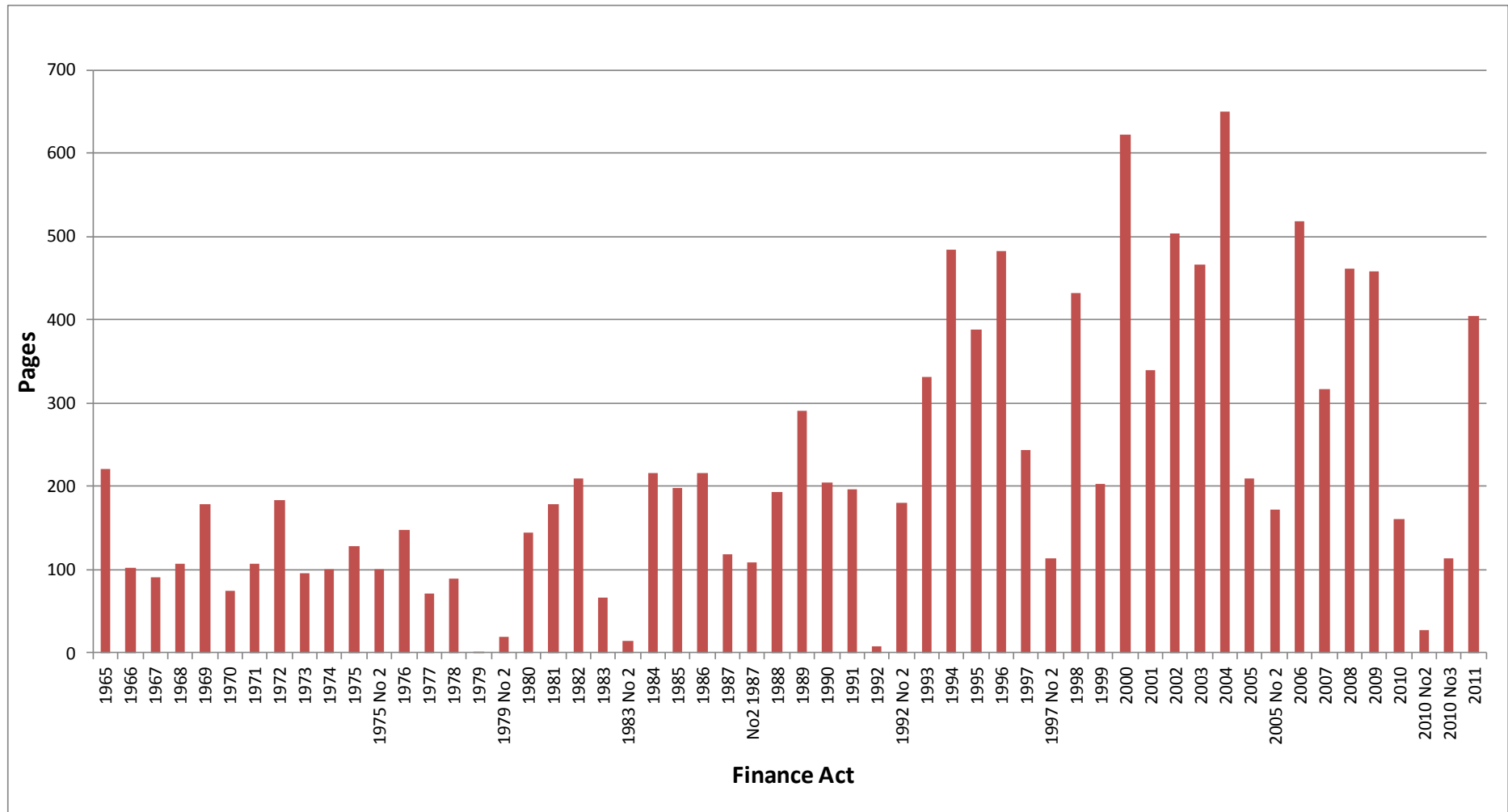


Figure 2: General elections held in the period under consideration

<b>Date</b>	<b>Majority party</b>	<b>Comments</b>
31 March 1966	Labour (retained power)	No pre election Budget – Budget 1966 on 3 May following election.
18 June 1970	Conservative	No Budget following change in Government on 18 June 1970.
28 February 1974	Labour	No pre election Budget – Budget 1974 followed election on 26 March.
10 October 1974	Labour	Second Budget 1974 following second election on 12 November. Finance Act 1975 followed (enacted 13 March 1975).
3 May 1979	Conservative	Pre election Finance Act 1979 contained rate changes only and ran to 2 pages. After the election Finance (No 2) Act 1979 was enacted on 26 July 1979.
9 June 1983	Conservative	Short Finance Acts preceding and following General Election (84 and 18 pages respectively).
11 June 1987	Conservative	Budget preceded 11 June election. Finance (No 2) Act 1987 followed election but no post election Budget.
9 April 1992	Conservative	Very short Finance Act 1992 before election. No post election Budget but more lengthy Finance (No 2) Act 1992 following election.
1 May 1997	Labour	244 page Conservative Finance Act before the General Election, followed by shorter (114 page) F(No 2)A 1997 following the election of the Labour government.
7 June 2001	Labour	Finance Act 2001 before the General Election.
5 May 2005	Labour	Pre election Budget and Finance Act 2005 before election. Following Labour's return to power, the remaining provisions of the original Finance Bill (amended where necessary) were enacted as Finance (No 2) Act 2005.
6 May 2010	Conservative/ Liberal Democrat Coalition	Pre election Finance Act 2010 of 161 pages (original Finance Bill 2010 truncated pre election). Post election Finance (No 2) Act 2010 enacted in July 2010 containing mainly rate changes and 28 pages only. This was followed by Finance (No 3) Act 2010 enacted in December 2010, which was longer at 113 pages and contained legislation that was announced at Budget 2010 but not included in Finance Act 2010. The majority of these measures were non controversial technical changes that would have been introduced irrespective of which party won the election; delaying their inclusion in the post Budget Finance Bill ensured that there was sufficient committee time devoted to considering them.

Figure 3: Major legislative changes (e.g. new regimes) in the period under consideration

Note: not all Finance Acts are considered below.

Finance Act	Major provisions
FA 1988 <sup>22</sup>	<p>Independent taxation of husbands and wives</p> <p>1982 rebasing for capital gains tax and abolition of single 30% tax rate</p> <p>Changes to rules for unapproved employee share option schemes</p> <p>Business Expansion Scheme extended to companies letting residential property under assured tenancies</p>
FA 1989 <sup>23</sup>	<p>Employee share schemes, employee share ownership trusts and profit related pay</p> <p>Retirement benefits and personal pension schemes</p> <p>Deep discount and deep gain securities</p> <p>Interest and penalties</p> <p>CGT rules for gifts</p> <p>Taxation of life insurance</p> <p>Change of basis for the taxation of employee and directors</p>
FA 1990 <sup>24</sup>	<p>Insurance companies and friendly societies</p> <p>Convertible and index linked securities</p> <p>Employee share ownership trusts</p>
FA 1991 <sup>25</sup>	<p>Taxation of insurance companies and friendly societies</p> <p>Capital gains and settlements</p> <p>PRP, share schemes and share option schemes</p> <p>Oil taxation</p>
F(No 2)A 1992 <sup>26</sup>	<p>Taxation of friendly societies</p> <p>Capital gains tax rules on the transfer of trades between companies resident in EC states</p>
FA 1993 <sup>27</sup>	<p>Foreign exchange gains and losses</p> <p>Change to the taxation of company cars and benefits in kind</p> <p>Capital gains tax retirement and reinvestment reliefs</p> <p>Taxation of overseas life assurance companies</p> <p>Reform of taxation of Lloyd's underwriters</p> <p>Restriction of set off of pre entry capital losses</p>

<sup>22</sup> Inland Revenue "The Path to Simplification" December 1995, Summary C

<sup>23</sup> *ibid*

<sup>24</sup> *ibid*

<sup>25</sup> *ibid*

<sup>26</sup> *ibid*

<sup>27</sup> *ibid*

	<p>Reform of taxation of North Sea oil</p> <p>Change to the taxation of dividends</p> <p>Temporary reintroduction of initial capital allowances</p>
FA 1994 <sup>28</sup>	<p>Personal tax self assessment</p> <p>Tax treatment of financial instruments</p> <p>Enterprise investment scheme</p> <p>Foreign income dividend scheme</p> <p>Rules for the privatisation of railways and Northern Ireland Airports Ltd</p> <p>Taxation of Lloyd's underwriters</p> <p>Oil taxation</p> <p>Taxation of authorised unit trusts</p>
FA 1995 <sup>29</sup>	<p>Measures linked to self assessment</p> <p>Taxation of life assurance business</p> <p>Venture capital trusts</p> <p>Taxation of income from settlements</p> <p>Capital allowances in respect of ships</p>
FA 1996	<p>Taxation of loan relationships</p> <p>Provisions relating to self assessment</p>
FA 1997	Leasing arrangements - finance leases and loans
F(No2)A 1997	Abolition of payable tax credits to pensions funds
FA 1998	<p>Taper relief</p> <p>Abolition of ACT and introduction of the shadow ACT system</p> <p>EIS and VCTs</p> <p>Corporation tax self assessment</p> <p>Quarterly payments of corporation tax</p>
FA 1999	APAs and CFCs
FA 2000	<p>Tax relief for research and development (SMEs)</p> <p>Tonnage tax</p> <p>Double tax relief, EUFT, and onshore pooling</p> <p>Provisions relation to employee share ownership</p> <p>Enterprise management incentive, corporate venturing scheme</p> <p>CGT relief for transfers to approved share plans</p> <p>CGT rules for transfers of value</p>

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<sup>28</sup> ibid

<sup>29</sup> ibid



	Provisions relating to occupational and personal pension schemes Provision of services through an intermediary
FA 2001	Remediation of contaminated land Double tax relief, EUFT, and onshore pooling
FA 2002	Substantial shareholdings exemption Tax relief for research and development (large companies) Vaccine research relief Community investment tax relief Intangible fixed assets Changes to the taxation of loan relationships, derivative contracts and foreign exchange Film tax relief Relief for community amateur sports clubs
FA 2003	Stamp duty land tax Provision of services through an intermediary Employee securities and options
FA 2004	Extension of transfer pricing to UK-UK transactions Thin capitalisation Non-corporate distribution rate Changes to construction industry scheme Anti avoidance measures including disclosure of tax avoidance schemes Pension schemes Changes to VCT and EIS
FA 2005	Trusts with vulnerable beneficiary Alternative finance arrangements Tax relief for films Antiavoidance measures Capital allowances – removal of business premises in disadvantaged areas
F(No2)A 2005	Avoidance involving tax arbitrage Shares treated as loan relationships
FA 2006	Film taxation Targeted anti avoidance rules for chargeable gains Leasing of plant and machinery Sale of lessor companies Sundry anti avoidance measures REITs

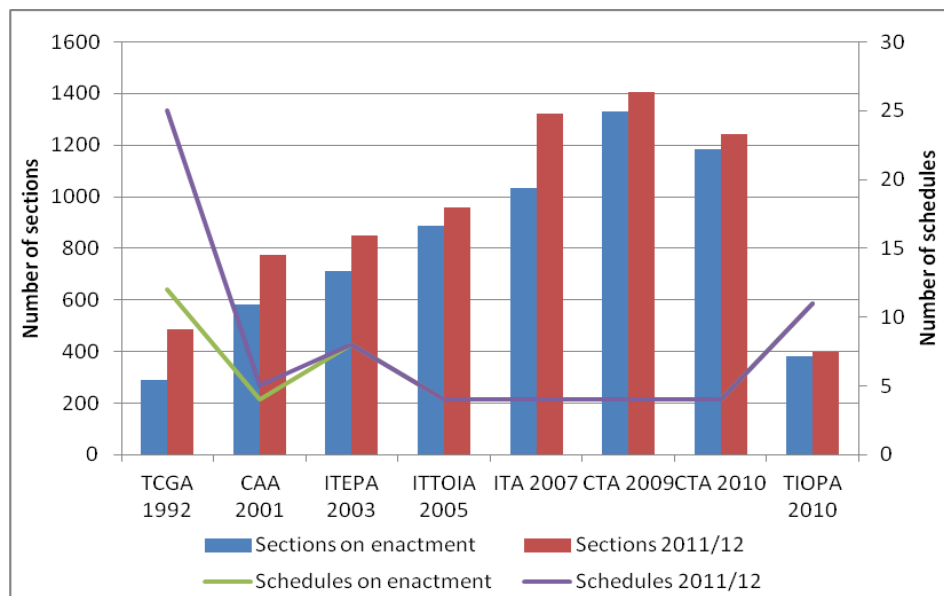
FA 2007	<p>Sundry anti avoidance measures</p> <p>HMRC powers</p> <p>CFC – EEA exemption</p> <p>Managed service companies</p> <p>Repos</p>
FA 2008	<p>Residence and domicile</p> <p>Capital allowances</p> <p>Capital gains tax – 18% rate and entrepreneurs’ relief</p> <p>Manufactured payments</p> <p>HMRC powers</p> <p>Offshore funds</p>
FA 2009	<p>Senior accounting officer’s liability</p> <p>Dividend exemption</p> <p>Worldwide debt cap</p> <p>International movement of capital reporting requirements</p> <p>Disguised interest</p> <p>Capital allowances – company cars</p> <p>Restriction of tax relief on pension contributions – anti forestalling rules</p> <p>HMRC powers</p>
FA 2010	<p>Bank payroll tax</p> <p>Restriction of tax relief on pension contributions</p> <p>Transactions in securities – changes to IT regime</p>
FA 2011	<p>CFC s – new exemptions introduced</p> <p>Branch exemption</p> <p>Simplification of chargeable gains – value shifting, degrouping charges and pre entry losses</p> <p>Disguised remuneration</p> <p>Group mismatches</p> <p>Amounts not fully recognised for accounting purposes</p> <p>Bank levy</p> <p>Pensions tax relief</p>

## Changes in the length of major acts from date of enactment to 2011/12

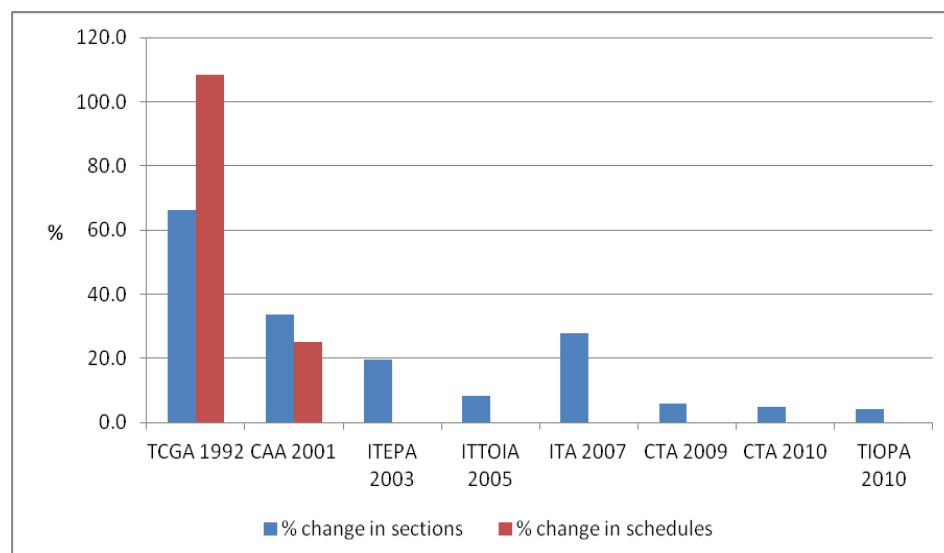
The following data has been taken from the Statute Law database<sup>30</sup> (legislation as originally enacted) and the Yellow Book 2011/12.

The measure for these purposes is the number of sections (or number of schedules) in the relevant acts comparing the number on enactment and the number in the Yellow Book 2011/12 as this contains textual amendments. Figures 4, 5 and 6 show the net change between enactment and 2011/12.

**Figure 4: Changes in the number of sections and schedules**

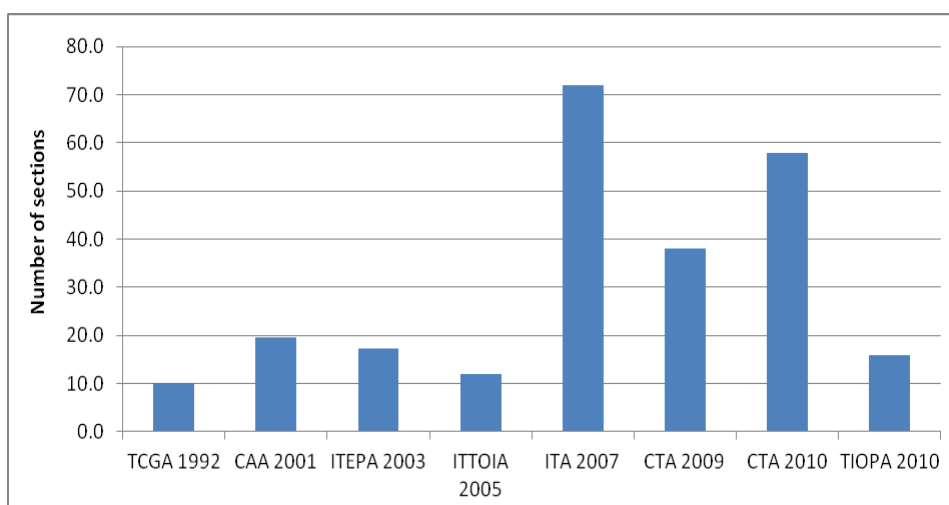


**Figure 5: Percentage change in the number of schedules and sections**



<sup>30</sup> [www.legislation.gov.uk](http://www.legislation.gov.uk)

Figure 6: Average change in the number of sections per annum since enactment



### Actual number of pages of legislation

It has already been mentioned that the popular belief is that in 2009 the UK tax code ran to 11,520 pages and was the longest in the world<sup>31</sup>. The increasing length of legislation in the UK is often cited as indicating that the UK tax system is becoming increasingly complex; however the length of legislation does not necessarily correlate to the clarity of legislation or the ease (or lack thereof) with which legislation can be interpreted and understood. Indeed, longer legislation can be clearer and easier to use as the various Acts produced by the Tax Law Rewrite have demonstrated.

The OTS has researched the actual length in pages of the UK direct and indirect tax primary and secondary legislation (excluding national insurance and tax credits legislation) to test the belief that the length of the UK tax code is the longest in the world at 11,520 pages.

The OTS undertook an exercise to determine the length of unduplicated substantive and administrative provisions in the UK indirect and indirect primary and secondary legislation (excluding national insurance and tax credits) measured by reference to pages in the Yellow and Orange Books 2010/11 (up to and including Finance (No 2) Act 2010). The length of the legislation was estimated by determining by inspection the amount of legislation (including footnotes but excluding repealed legislation) on each page, measured in quarter pages.

The actual number of pages in Parts 1a, 1b, 1c, 2 and 3 of the Yellow Book and Parts 1 and 2 of the Orange Book 2010/11 (ignoring blank pages at the start and end and introductory pages), is:

Yellow book					Orange book		Total pages
Volume 1a	Volume 1b	Volume 1c	Volume 2	Volume 3	Part 1	Part 2	
2,856	2,400	2,884	3,060	2,481	2,588	1,526	<b>17,795</b>

Volumes 1a, 1b and 1c of the Yellow Book contain the primary legislation on IT, CGT and CT with corresponding secondary legislation in Volume 2. Volume 3 contains statutory and non statutory

<sup>31</sup> <http://www.accountingweb.co.uk/blogs/gina-dyer/team-blog/uk-tax-code-longest-world>

material on IHT, PRT, NICs and tax credits. Part 1 of the Orange Book contains the statutory and non statutory material for VAT and Part 2 the same material for stamp duties (stamp duty, stamp duty reserve tax and stamp duty land tax), insurance premium tax, aggregates levy, landfill tax and climate change levy.

However in addition to primary and statutory material, Volumes 2 and 3 of the Yellow Book and both volumes of the Orange Book contain other material e.g. indices, list of contents, statements of practice, extra statutory concessions etc.

Excluding the non statutory material the figures become:

Yellow book			Orange book	Total pages
Volume 1a, 1b and 1c	Volume 2	Volume 3	Parts 1 and 2	
7,924	1,486	546	1,217	<b>11,173</b>

Thus 62.8% of the total Yellow and Orange Books represents UK primary and secondary tax legislation.

Both the Yellow and Orange Books contain repealed legislation, transitional and commencement provisions and duplicated provisions. The three parts of Volume 1 of the Yellow Book also include the original version of the legislation that is now incorporated in the most recent Rewrite Acts<sup>32</sup>, which is therefore repealed.

Identical extracts of some statutes are included in more than one volume e.g. Provisional Collection of Taxes Act 1968 s1, and some of the powers legislation that was enacted following the merger of the Inland Revenue and HM Customs and Excise in 2005, and applies to a number of taxes.

The most recent Finance Acts are included in the Yellow or Orange Book as appropriate. Where these provisions, as is often the case, comprise amendments to, and insertions into, other Acts which have been amended, only the stand alone legal propositions have been included.

There is also duplicated and revoked legislation included within secondary legislation. Duplication occurs where the secondary legislation applies to more than one tax, e.g. Revenue and Customs (Complaints and Misconduct) Regulations 2010 SI 2010/1813, which appear in both Part 1 of the Orange Book and Part 2 of the Yellow Book.

The figures, excluding duplicated and repealed legislation are as follows:

Yellow book			Orange book	Total pages
Volume 1a, 1b and 1c	Volume 2	Volume 3	Parts 1 and 2	
3,838.25	1,032.25	462.50	1,627.25	<b>6,960.25</b>

Thus 39.1% of the Yellow and Orange Books represents unduplicated substantive and administrative law.

<sup>32</sup> Corporation Tax Act 2009, Corporation Tax Act 2010 and Taxation (International and Other Provisions) Act 2010

There is a further duplication in relation to the Rewrite Acts where provisions are included in CTA 2009 or CTA 2010 and also in ITTOIA 2005 or ITA 2007. This duplication amounts to 773 pages of legislation which are included in the figures quoted.

Both the Yellow and Orange Books contain footnotes after each section, or paragraph of a Schedule, giving details of cross references, amendments, definitions and references to Simons' Taxes, HMRC manuals and other non-statutory material. The length of the footnotes varies from one line to those that extend for a page or more, and thus the length of this additional reference material is difficult to estimate; however for these purposes 10% of the Yellow Book and 20% of the Orange Book figures is taken to be additional non-statutory material. On this basis the revised figures are:

Yellow book (all volumes)	Orange book (parts 1 and 2)	Total pages
4,800	1,302	<b>6,102</b>

Consequently on this reasonable, but not wholly scientific, measure the actual substantive direct and indirect UK tax legislation is about 6,102 pages, or 34.3% of the Yellow and Orange Books.

#### **Impact of Income and Corporation Taxes Act 1988 on the length of legislation**

The legislation in Butterworth's Yellow Tax Handbook for both 1987/88 and 1988/89 was compared; 1988/89 was the first volume to contain Income and Corporation Taxes Act 1988, the first consolidation act of legislation relating to income and corporation tax since 1970.

Ignoring acts other than the main acts (i.e. ignoring Oil Taxation Act 1983, Housing Associations Act 1985 etc) and (from 1988/89) Finance Act 1988, the figures are as follows:

<b>1987/88</b>	1,246.75 pages
<b>1988/89<sup>33</sup></b>	1,193.50 pages

This straightforward consolidation reduced the volume of legislation (in terms of pages) by 4.3%.

#### **Conclusion**

It would be facile to dismiss length of legislation as a factor contributing to complexity – it is a factor, and certainly a psychological one. This exercise has been an interesting one, running alongside the OTS's main projects. Whilst it would be tempting for the OTS to claim at some point that it has been responsible for cutting the length of legislation by (say) 50%, our main point is that there is more to the issue of length of legislation than a simple page count.

Caroline Turnbull-Hall

Richard Thomas

April 2012

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<sup>33</sup> For the purposes of comparison Finance Act 1988 has been omitted from the total for 1988/89; however amendments to ICTA 1988 (and earlier acts) included in FA 1988 have been included.