



Office of Tax  
Simplification

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## Committee of Public Accounts

House of Commons 7 Millbank London SW1P 3JA

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Rt. Hon. Michael Jack  
Chairman  
Office of Tax Simplification  
Room G/41  
1 Horse Guards Road  
London  
SW1A 2HQ

5 June 2013

*Dear Michael*

**Re: Public Accounts Committee Report – Tax avoidance: the role of the large accountancy firms**

Thank you for your letter. I appreciate your clarification of the Office of Tax Simplification's status and how it works, including how it is able to produce well-informed findings quickly across a wide range of topics despite a very limited budget. I can confirm that the Committee has received the Office of Tax Simplification's reports, and I am grateful to you for providing a list of these which serves as a useful reminder of the range of useful work you have done.

The Committee is supportive of the work of the Office of Tax Simplification. Our concern is not that it has failed to make an impact, and I agree that there are good grounds to claim that the Office of Tax Simplification has managed to "punch above its weight" given the resources at its disposal. Our concern, reflected in our report 'Tax Avoidance: the role of the large accountancy firms', is rather that the tax avoidance structures used by multi-national companies and wealthy individuals demonstrate that much more radical thinking is needed to tackle complexity and make the tax code fit-for-purpose, so that it cannot so easily be exploited by the vast industry involved in providing tax advice; and that international tax law must be modernised to address the new risks created by globalisation and internet trading. These are major challenges for government and are not issues that can be resolved by an organisation with just a handful of mainly part-time staff.

I hope therefore that you will welcome the first recommendation the Committee made in this report, that support and resources to the Office of Tax Simplification should be increased, and that the Treasury and HMRC should work together to make more radical progress in addressing the inadequacies of existing tax law. As you say in your letter, the Office of Tax Simplification has an important role to play by providing an independent voice and objective recommendations, based on the work of an independent and expert group of secondees from the public and private sectors.

I am grateful also for the offer that you and John Whiting brief the Committee on your work. The Committee will continue to investigate issues relating to tax simplification and we will consider what opportunities there might be to call you as expert witnesses at a future hearing.

You proposed publishing your letter to me on your website and if you choose to do so I am happy for you to include this reply.

Best wishes

A handwritten signature in black ink, appearing to read 'Margaret Hodge', written in a cursive style.

**RT HON MARGARET HODGE MP**  
Chair of the Committee of Public Accounts