

My Question to the Chancellor about the potential effects of a windfall tax and a planned increased corporation tax

Treasury has provided the following answer to your written parliamentary question (11537):

Question:

To ask the Chancellor of the Exchequer, what assessment he has made of the potential effect of the (a) windfall tax on oil and gas producer profits and (b) planned increase in corporation tax on the UK's position in global league tables of the best places to do business. (11537)

Tabled on: 01 June 2022

Answer:

Helen Whately:

The UK's oil and gas ring fence tax regime balances attracting investment with ensuring a fair return for the nation.

The Energy Profits Levy is an additional, temporary tax which reflects the extraordinary global context. It will raise around £5 billion over the next year. The OBR will take account of this policy in their next forecast.

The UK's rate of Corporation Tax is currently 19%.

To balance the need to raise revenue with having an internationally competitive tax system, the Chancellor announced at Spring Budget 2021 that the rate of Corporation Tax would increase to 25% from April 2023, after the point at which the economy is expected to recover to its pre-pandemic level. 25% is the lowest rate of tax in the G7.

The answer was submitted on 13 Jun 2022 at 13:47.

JR Response The Minister does not tell us what impact a 31% increase in the corporate tax rate will have, and omits the possibility that the windfall tax on oil and gas will run for three years, not just one. These changes must have an adverse impact on investment.