

# Tax rises do economic and political damage

Let me have another go at persuading this government to turn away from raising tax rates and finding new things to tax. Their own record should tell them that such proposals are usually unpopular with many voters. Where they have gone for higher taxes they have proved to be economically damaging.

Even the government now sees that the higher Stamp Duty rates imposed by Mr Osborne have hit the amount of revenue. Coupled with other adverse tax changes they have cut the flow of buy to let property investment, led to a substantial decline in turnover in various types of residential property, and reduced other tax revenues from the hit to the property market.

The Higher Vehicle Excise Duties imposed on dearer cars in the 2016 budget, coupled with the threat of new and additional taxes on diesel and maybe on petrol cars to come, led to a sharp decline in new car sales and to some decline in UK car industry output. That too cut various tax revenues that the government would otherwise have enjoyed.

The proposal in the Conservative Manifesto that people would need to make a larger financial contribution to their care when living in their own homes was greeted with a hostile response and was seen as a new tax. It had to be dropped, after it damaged the chances of a Conservative outright victory in the General Election. The government says it is looking again at how to pay for social care. It needs to be careful. There is little support for a new death tax.

The Treasury is always threatening some group or other with the possibility of new or higher taxes. There is little support for the bad idea of making the self employed pay more National Insurance. We need to be making it easier for people to work for themselves, not dearer.

Some want to tax technology more because it is popular and fast growing. Why not sit back and enjoy the higher revenues that will come as its growth takes place, rather than try to get more of the high tech success stories to go offshore altogether.

The way to get more tax revenue in is to cut rates and promote growth. In a very footloose and competitive world the USA has just got a lot more competitive thanks to the Administration's tax cuts. The UK needs to go the same way to succeed.