

Rule of Law infringed by Chancellor of the Exchequer

In his latest budget the Chancellor of the Exchequer announced that VAT is to be imposed on the cost of alterations to listed buildings. However he gave a commitment that churches and other places of worship would not be [impacted] affected by this. As a former Finance Bill draftsman I assumed this meant that the Finance Bill would be so drafted as to exclude them.

To my surprise I read that Mr Osborne is instead meeting this commitment by arranging for the Government to make a grant of £30m to the listed places of worship scheme. He told the House of Commons: "That will be 100% compensation, exactly as we promised in the Budget, for the additional cost borne by churches for alterations" [(Hansard 17 May, col. 731).]

It is contrary to the rule of law to behave in this way. The wording of this year's Finance Act will be misleading as apparently meaning that the new tax extends to places of worship when in substance it will not. Moreover those responsible for the buildings in question will need to apply individually for a grant, and may have difficulty in getting reimbursed. Since VAT is a continuing tax, the money given to the scheme may run out before all cases have been dealt with. A new bureaucracy will need to be established to administer the arrangement. I thought the Coalition were trying to reduce red tape.

[The Human Rights Act 1998 requires law to be clear. Our VAT law has been made unnecessarily misleading by a dodgy manoeuvre whose necessity is not obvious.]¹

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References:

None

¹ Published in *The Times* 22 May 2012. The passages in square brackets were omitted. The word 'affected' was substituted for 'impacted' although the latter was the word actually used by the Chancellor.