

1 June 2007

Dear Colleague,

**Varney Review of tax policy in Northern Ireland – call for evidence**

The Chancellor of the Exchequer has asked me to lead a review of tax policy in Northern Ireland. This review, scheduled to report back in the autumn, will assess how current and future tax policy, including the tax changes announced at Budget 2007, can support sustainable growth of businesses and long-term investment in Northern Ireland.

The context for the review was set out in the Chancellor of the Exchequer's announcement on 22 March<sup>1</sup> of a funding package for the incoming Northern Ireland Executive. Following the restoration of devolution on 8 May I have had initial meetings with some key stakeholders – from the Northern Ireland Executive and Assembly, and from the business community as well as with key commentators – regarding the approach and process of the review.

I am committed to ensuring that the review is an open and transparent process that takes full account of the views of its stakeholders. As such, I am writing to invite you, or an appropriate colleague, to submit evidence to the review team.

This letter is being sent to contacts across the relevant sectors – to the academic and research community, government agencies and departments, Northern Ireland Assembly committees, political parties, sector and regional bodies, and businesses and their representative organisations. It is also my intention to consult with relevant sectors in the Republic of Ireland.

This commissioning letter is being posted on the review website:

[www.hm-treasury.gov.uk/northernirelandtaxreview](http://www.hm-treasury.gov.uk/northernirelandtaxreview)

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<sup>1</sup> [http://www.hm-treasury.gov.uk/newsroom\\_and\\_speeches/press/2007/Press\\_35\\_07.cfm](http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2007/Press_35_07.cfm)

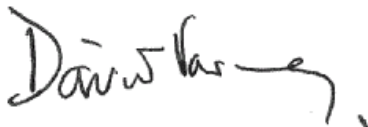
In the call for evidence document, **attached to this letter**, I have outlined the issues on which I would like to hear your views. Your input and the evidence you can provide will be of great value to the review team in developing a strong evidence base over the coming months.

I would be grateful if you could send your submissions to the review team by **18 July 2007**. These should be sent by email to [nireland.taxreview@hm-treasury.gov.uk](mailto:nireland.taxreview@hm-treasury.gov.uk), or by post to:

Varney Review of Tax Policy in Northern Ireland  
Room 2/29  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ

I look forward to hearing from you and thank you in advance for your input into this work.

Yours faithfully,

A handwritten signature in black ink, appearing to read "David Varney", with a long horizontal stroke extending to the right.

**Sir David Varney**

## CALL FOR EVIDENCE - INTRODUCTION

The Chancellor of the Exchequer announced on 22 March a review led by Sir David Varney to examine:

*How current and future tax policy, including the tax changes announced in the Budget, can support sustainable growth of businesses and long-term investment in Northern Ireland.*

These terms of reference will be considered in the context of the tax environment across the European Union, including within the UK and the Republic of Ireland.

The review will report back to the Chancellor in the autumn.

Over the course of the project, the review team will reflect on views gathered from a range of stakeholders: the academic and research community, government agencies and departments, Northern Ireland Assembly committees, political parties, sector and regional bodies, and businesses and their representative organisations.

This document sets out the issues on which the review team would particularly welcome responses. The objectives for this call for evidence are to

- **Provide evidence** that the review team can use to further its analysis, helping the team to minimise the duplication of research conducted elsewhere; and
- **Highlight issues** on which the review should focus its attention, shaping the direction that the review takes over the forthcoming months.

The call for evidence in the section below is presented under **three headings**

1. Effect of tax on business decision making;
2. National and international context; and
3. Other drivers that improve the business environment.

Not all issues under the headings will be relevant to all respondents – please feel free to skip points as necessary. These areas are intended only to provide a guide to relevant issues. Please feel free to provide other information.

## CALL FOR EVIDENCE – SUBMITTING RESPONSES

We very much look forward to receiving your responses. **Submissions should be sent by 18 July** to:

Varney Review of Tax Policy in Northern Ireland  
Room 2/29  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ  
Email: [nireland.taxreview@hm-treasury.gov.uk](mailto:nireland.taxreview@hm-treasury.gov.uk)

We would prefer electronic submissions where possible. A coversheet for responses has been included at the end of this document. Please include the name and contact details of the person to contact for any follow-up discussions.

We would like to be able to refer to and quote from submissions, as appropriate. Please indicate if you would like your submission to remain confidential.

General enquiries should be sent to the email address above and telephone enquiries to +44 (0)20 7270 6005.

## **CALL FOR EVIDENCE - QUESTIONS**

Not all issues under the headings will be relevant to all respondents – please feel free to skip points as necessary. These areas are intended only to provide a guide to relevant issues. Please feel free to provide other information, as appropriate.

### **1. Effect of tax on business decision making**

We are looking for evidence on the influence tax (and tax administration) has on business decision making in relation to Northern Ireland. Specific areas we would like evidence on are

- The effect of the tax system on the sustainability of business growth in Northern Ireland;
- The ability of the tax system to attract long-term investment in Northern Ireland;
- The industries or sectors that would stand to benefit most from a differential tax policy in Northern Ireland;
- The mechanics of operating a differential tax policy and any associated administrative burden for business;
- Legal issues or points of principle raised by a differential tax policy; and
- Changes in tax policy and administration that could be used to promote sustainable growth and long-term investment in Northern Ireland.

### **2. National and international context**

We are looking for evidence on the specific national and international context of Northern Ireland. Specific areas we would like evidence on are

- The effect of the Republic of Ireland's tax policy on businesses in Northern Ireland;
- A comparison of the overall tax burden in the Republic of Ireland and in Northern Ireland;

- How and whether an ‘all-island economy’ would improve the business environment in Northern Ireland, and what practical steps could be taken to move towards this;
- The consequences of a differential tax policy in Northern Ireland for the UK economy as a whole, and for UK businesses;
- The extent to which the Northern Ireland economy can be considered different to that of other regions of the UK;
- Global challenges and opportunities for the Northern Ireland economy; and
- The current, and potential future, comparison of Belfast to other major international cities as a location for different forms of business activity.

### **3. Other drivers that improve the business environment**

We are looking for evidence on other drivers that improve the business environment in Northern Ireland. Specific points we would like evidence on are

- The most important factors that have affected growth and investment in Northern Ireland;
- The weighting in importance of non-tax and tax factors when considering future growth and investment in Northern Ireland;
- The most important factors when business considering business movement to or from Northern Ireland and the extent to which business movement has happened;
- Non-tax interventions that are key to sustaining business growth and attracting long-term environment; and
- The role of business in promoting sustainable growth and long-term investment in Northern Ireland.

Thank you for taking the time to consider these areas. Equally, if you have any further thoughts or suggestions, they would be welcomed.

## COVER SHEET FOR RESPONSES

Contact details of respondent	
Name	
Job title	
Organisation	
Postal address	
Telephone number(s)	
Email address	

Type of organisation: please tick all boxes that apply.

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|--|--|
| <input type="checkbox"/> Private sector                  | <input type="checkbox"/> Northern Ireland Assembly committee |
| <input type="checkbox"/> Representative body of business | <input type="checkbox"/> Government agency / department      |
| <input type="checkbox"/> Sector / regional body          | <input type="checkbox"/> Replying as individual              |
| <input type="checkbox"/> Political party                 | <input type="checkbox"/> Other, please state                 |
| <input type="checkbox"/> Academic / research community   | _____  |