ICAEW
REPRESENTATION 54/26

INTRODUCING A CRIMINAL OFFENCE FOR MAKING RECKLESS UNTRUE STATEMENTS OR DECLARATIONS IN DIRECT TAX

Issued 13 August 2026

ICAEW welcomes the opportunity to comment on the proposals to introduce a criminal offence for making reckless untrue statements or declarations in relation to direct tax matters, published by HMRC on 23 June 2026, a copy of which is available from this link.

KEY POINTS

- We do not support the introduction of this measure. We would prefer the government to review the powers already available to HMRC and ensure it is suitably funded to use those powers successfully.
- We believe that many taxpayers and advisers would find the concept of recklessness confusing, hence potentially reducing the deterrent effect of the offence. More detailed guidance is needed to demonstrate when the offence would apply in practice.
- There is also a risk that the new offence would disincentive voluntary tax disclosures, unless HMRC agrees not to apply the offence in cases dealt with under Code of Practice 9 or the contractual disclosure facility, for example.

ICAEW
Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK
T +44 (0)1908 248 250 F +44 (0)20 7920 0547 icaew.com

This response of 13 August 2026 has been prepared by ICAEW's Tax Faculty.

Internationally recognised as a source of expertise, ICAEW's Tax Faculty is a leading authority on taxation and is the voice of tax for ICAEW. It is responsible for making all submissions to the tax authorities on behalf of ICAEW, drawing upon the knowledge and experience of ICAEW's membership. The Tax Faculty's work is directly supported by over 130 active members, many of them well-known names in the tax world, who work across the complete spectrum of tax, both in practice and in business. ICAEW Tax Faculty's Ten Tenets for a Better Tax System, by which we benchmark the tax system and changes to it, are summarised in Appendix 1.

Chartered accountants are talented, ethical and committed professionals. ICAEW represents more than 211,600 members and students around the world. 81 of the top 100 global brands employ ICAEW Chartered Accountants. 82% of FTSE 100 companies have an ICAEW member on their board. Founded in 1880, ICAEW has a long history of serving the public interest and we continue to work with governments, regulators and business leaders globally. And, as a world-leading improvement regulator, we supervise and monitor more than 11,500 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

KEY POINTS

1. We do not support the introduction of this measure. We would prefer the government to review the powers already available to HMRC and ensure it is suitably funded to use those powers successfully.
2. We are only aware of one tax case in which the offence of recklessness has been considered by the courts. Given a lack of case law demonstrating the effectiveness of this measure driving compliant behaviour in the indirect tax space, we remain unconvinced of the case that it should be extended to direct taxes.
3. We believe that deterrents are only effective if they are easily understood by those to whom they could apply. We believe that the introduction of a recklessness offence risks adding complication to existing regimes which make a clear distinction between careless, deliberate and fraudulent behaviour, concepts which are already well understood within the tax profession and by sophisticated taxpayers.
4. To that end, we also support the consolidation of legislation relating to HMRC powers and management of the tax system into a single act formatted and written in a way that facilitates understanding and encourages compliance.
5. Provisions have already been introduced this year which are designed to regulate the tax profession. Advisers are still getting to grips with these rules and how they impact on the way they carry out their work. A recklessness offence potentially adds further complexity. Having the courts opine on the conduct of an adviser also potentially amounts to an additional layer of regulation.
6. There is considerable uncertainty around the scope of instances in which HMRC may contend reckless behaviour, and there may be inconsistencies in the way the regulations might be applied.
7. We consider that the potential severity of the consequences, combined with the uncertainties of scope and potential inconsistencies of application may mean that advisors and/or taxpayers conclude that they should limit communications with HMRC moving forwards. This could lead to distortions in the tax advisory markets as taxpayers increasingly seek advice under legal privilege, and potentially a widening of the Tax Gap if otherwise willingly compliant advisors/taxpayers refrain from more open dialog with HMRC.
8. If the measure were to be introduced, much clearer guidance would be needed so that taxpayers and advisers gain greater clarity on when it would and would not apply. This would enhance the deterrent effect of the measure as well as assisting those wishing to do the right thing in demonstrating what action they need to take to ensure they are not caught by the new provision.
9. We are not entirely convinced that HMRC’s view of the meaning of ‘reckless’ is borne out by the examples derived from case law. Further context would be required in each case to determine whether the individual concerned had been ‘reckless’ in their behaviour.
10. While the measure may drive more compliant behaviour in some cases, it may also deter disclosures, especially if Code of Practice 9 or the contractual disclosure facility cannot be relied upon to provide immunity from prosecution under the new measure.
11. We note that the consultation period is less than 12 weeks. This has limited the time available to engage fully with our volunteer committees and wider membership in developing this response. We encourage HMRC to allow sufficient time for consultation wherever possible, to ensure that stakeholders can provide comprehensive evidence and that robust conclusions can be drawn from the consultation process. ICAEW also notes that insufficient consultation periods are inconsistent with the Tax Faculty's Ten Tenets for a Better Tax System (Appendix 1).

ANSWERS TO SPECIFIC QUESTIONS

Question 1: Do you agree that a criminal offence for making reckless untrue statements or declarations should be introduced for all direct tax matters? And if not applied to all direct tax matters, why not? Please give reasons for your response.

12. We do not support the introduction of this measure. Instead, we believe that HMRC should make greater or more effective use of its existing powers to bring appropriate prosecutions and civil actions.
13. We support action by HMRC to tackle the tax gap but consider that this would be better achieved by taking a holistic view of HMRC's existing powers and consolidating these into a coherent regime (ideally within the same Act) so that taxpayers and agents can more easily understand all the powers HMRC has at its disposal and which should help to improve compliance.
14. We understand the argument that introducing the offence for direct tax purposes would bring the regime into line with indirect taxes. However, the reckless statement offence originated in customs, where authorities rely heavily on traders' declarations about goods, value and origin, often without being able to verify them immediately. The offence was then inherited by VAT because VAT developed from the customs enforcement framework. It therefore reflects the specific history, operational needs, and risk profile of indirect tax, not a general principle that should automatically apply to direct tax.
15. Indeed, as far as we can see, there has only been one case of an individual making a reckless statement in relation to VAT being taken to court. If this power has not been widely used, we question whether it is fit for purpose and recommend instead that it is removed from the statute book.
16. We note that the formulation of the legislation relating to the making of statements recklessly is different in s167 of the Customs & Excise Act (CEMA) 1979, compared to s72 of the Value Added Tax Act (VATA) 1994. In addition, the maximum prison sentence on conviction on indictment is different (two years for CEMA, compared to 14 years for VATA). The existence of such differences sows further confusion. Which wording would be used for direct taxes? Would it be one of the existing wordings, a brand-new wording or a different wording for each tax under charge?
17. We also note that there is considerably more scope for making statements within direct taxes than indirect taxes. HMRC may therefore argue that it is more likely that this power might be used more frequently than in indirect tax cases. However, due to the uncertainty around what conduct would be regarded as recklessness, we are not convinced this would be the case and might lead to greater uncertainty around the extent of HMRC's powers.
18. If the government were to introduce a recklessness offence for direct tax, it would need to consider the time limit within which returns affected by the behaviour could be investigated by HMRC. As we set out below, we believe that case law demonstrates that recklessness is a sub-set of carelessness, so we believe that the six/twelve-year time limits should apply.

Question 2: What impacts do you foresee for taxpayers, advisers, and other stakeholders if an offence for making reckless untrue statements or declarations is introduced for direct tax

19. Provided they are aware of and understand the new offence, this measure may frustrate the activities of tax scheme promoters making statements they know to be reckless about the effectiveness of their products.
20. However, we also believe this measure could deter disclosures under Code of Practice 9 or the Contractual Disclosure Facility under which HMRC agrees not to pursue a criminal investigation into the disclosed behaviour. To ensure the effectiveness of these facilities is not diminished, HMRC would need to confirm that it does not intend to pursue any action it perceives to be reckless.

21. The measure could also introduce considerable uncertainty within the tax adviser community around the scope of the offence, especially around what conduct would meet the test of ‘recklessness’. More detailed guidance would be required than is currently set out in the consultation document.
22. Given the severity of the proposed sanctions advisers may be reluctant to give advice in some cases if they are concerned that HMRC would not consider the steps they have taken to check their advice as sufficient. It might also make advisers less willing to meet or speak with HMRC if there is a risk the adviser could be deemed reckless in relation to statements made orally in those meetings.
23. This could then cause taxpayers to act without advice, thereby potentially leading to greater errors and loss of tax to the Exchequer or those taxpayers may be less comprehensively supported in complex enquiries and investigations.
24. Under the proposals, ‘reckless’ means that the maker of the statement was aware of the risk of their statement’s falsity or lack of truth and they unreasonably proceeded to make the statement notwithstanding this risk. Hence, advisers may be reluctant to take a stance on a taxpayer’s position where they consider there is some risk that stance may not be correct, even if a court of law would not have considered their behaviour to be reckless.
25. If the measure were introduced, it would be helpful if HMRC expanded its advance clearance facilities so that advisers can get more certainty about a taxpayer’s position before advising their clients.
26. It would also be essential for HMRC to publicise the measure so that taxpayers are aware of it, otherwise they are unlikely to change or adopt their behaviour, especially unrepresented individuals and businesses.

Question 3: Are there particular types of behaviour or circumstances that you believe should or should not fall within the scope of the new offence? Please give reasons for your response.

27. We do not believe that this measure should be introduced. We also note the provisions at ss106B – D Taxes Management Act 1970 which tackle various actions relating to offshore income, assets or activities. It is important that any actions caught by these provisions are scoped out of any recklessness offence, were it to be introduced.

Question 4: We are interested to hear whether consultees find ‘statement’ or ‘declaration’ easier to understand. Please explain your answer and provide any alternatives.

28. We find both terms to be relatively easy to understand but think that ‘statement’ would apply in a wider range of circumstances.
29. However, we are concerned by the proposal to include statements made orally or implicitly by a person’s actions. We believe that only statements made in writing should fall within the scope of this definition.

Question 5: How might the introduction of a reckless untrue statements or declarations offence affect compliance behaviour among individuals and businesses?

30. We believe that there is unlikely to be significant change to the behaviour of individuals and businesses unless the existence of the new offence were widely publicised, both in terms of its existence and when it is likely to apply.
31. Those deliberately undertaking evasion would continue to do so unless they perceived there was an increased risk of getting caught. Therefore, awareness of the offence and its severity is paramount.
32. As set out in our response to question 2, we believe that the offence may cause advisers to be reluctant to give advice in some cases, hence increasing compliance risk for the clients they represent.

33. Alternatively, taxpayers may rely on their advisers more to demonstrate that they are not being reckless in their actions, potentially increasing administrative burdens.

Question 6: What challenges or risks do you foresee in implementing this change, and how might they be mitigated?

34. Section 5 of the consultation document recognises “challenges of ensuring clear communication about what constitutes recklessness, distinguishing it from inadvertent mistakes and providing accessible guidance to avoid confusion”. While guidance must be accessible to all taxpayers, it’s essential that it’s accurate and does not mislead because of using simple language.
35. The challenge of helping taxpayers understand the new offence so that they’re aware of what not to do (and not at risk of prosecution) is made more difficult because recklessness is not the same as fraud or deliberate behaviour. As carelessness is the next category of civil culpability, recklessness falls in that space – if a taxpayer is reckless, as case law shows, this is insufficient for deliberate behaviour, so assessment time limits and penalties are those for carelessness (not reasonable care).
36. A person who is not familiar with the nuances in case law may also struggle to understand the differences between ‘reckless’ and ‘blind eye’ type of deliberate behaviour (e.g. as set out in CPR Commercials).
37. HMRC will need to carefully explain what is meant by recklessness in the legislation and associated guidance so that the courts, taxpayers and advisers know its scope and confusion is avoided. That guidance should set out what the behavioural test is for a tax evasion conviction (e.g. s106A TMA 1970 and cheating the public revenue) and how the reckless offence is different. It should then compare these tests to the civil law tests of deliberate (and blind eye deliberate) and carelessness so that taxpayers, advisers and HMRC staff are clear on the differences and similarities between the civil and criminal law regimes.
38. Publicising the new offence may enable HMRC to also publicise the related civil penalty, thus improving the deterrent effect of both measures.
39. Scoping carelessness out of the offence may also be unachievable. While the consultation document says that HMRC wants carelessness to not be deemed reckless behaviour, this appears practically impossible to do when civil law treats recklessness as being part of carelessness per existing case law (see Appendix 2 of the consultation document).
40. Any new legislation must clearly enunciate the differences between ‘carelessness’ and ‘recklessness’. The examples (see below) show that this is unclear at the present time – a situation which must be resolved before the inclusion of the offence in an Act.
41. Under existing criminal law, the test for recklessness contains three essential elements:
    a. The defendant must be aware of a risk that the relevant consequence will occur or circumstance exists
    b. In the circumstances known to the defendant, it was objectively unreasonable (in the mind of the defendant) to take that risk
    c. The defendant nevertheless goes ahead and takes that unjustifiable risk
42. We believe that it could be difficult to prove in a court of law beyond reasonable doubt that b. has occurred. In the examples given in Table 2 of the consultation document, for example, it would be necessary to prove that the taxpayer objectively knew the risk of not checking their bank statements or looking at the conditions for making the claim and actively considered that behaviour to be unreasonable.

Question 7: Do you have any other comments or suggestions regarding the proposed change?

43. More work needs to be done to fully understand what ‘reckless’ is and the sorts of tax scenarios in which it could apply.

44. While HMRC's rationale for aligning direct tax and indirect tax offences seems sound on the surface, more work should be done on considering what 'reckless' means in a tax context. The consultation document confirms that the offence will apply to incorrect declarations or statements made to HMRC which are reckless.
45. The Supreme Court comments (see Appendix 2 to the consultation document) that recklessness is a somewhat tricky concept, that taxpayers and advisers will find it difficult to comprehend and HMRC may find it hard to use in practice in a criminal court.
46. The consultation document (section 4) states "we use 'reckless' in the way that term is used across a range of existing criminal offences. We mean that the maker of the statement was aware of the risk of their statement's falsity or lack of truth, and they unreasonably proceeded to make the statement notwithstanding this risk of which they were aware. It would not suffice that the statement maker ought to have known or was careless. To commit the offence the statement would need to be false or untrue and the statement-maker aware of this risk in circumstances where it was not reasonable to take this risk."
47. This summary of 'reckless' seems slightly different to the R v G and Moneybrain formulation of 'reckless' which suggests that "a person acts recklessly when he is aware that a risk exists or will exist and it is, in the circumstances known to him, unreasonable to take the risk" [78 (2) of Moneybrain]. In the same paragraph the Tribunal said, "In the context of this case, Moneybrain would be "reckless" if it knew there was a risk that people accessing the website would be misled into believing that the token was "backed by collateral in the form of an asset, or a basket of assets, such as gold or fiat currency", and also knew it was unreasonable to put people in that position."
48. Based on this case law, it is not that HMRC or the 'ordinary person on the proverbial Clapham omnibus' that needs to perceive that the person's actions are unreasonable (as HMRC's phrasing implies), it's the person themselves.
49. On this formulation, examples of recklessness may be:
    - claiming a tax relief without checking the relevant guidance or taking advice while appreciating that the tax return needs to be complete and correct;
    - estimating income instead of checking actual documentation, appreciating that there's a risk that the estimate may understate income; or
    - taking advice on alternative treatments of a transaction and deciding to adopt the one which is 'merely arguable' (in GfC 13 wording) rather than the one most likely to succeed if the matter were to be considered by a tribunal.
50. However, in all cases, the taxpayer would need to be aware that the potential outcome of any of these actions would be making an untrue statement and that their action (or inaction) was unreasonable.
51. The formulation of recklessness in the consultation document also seems to be practically problematic for tax work.
52. If an adviser forms an opinion, they may be aware of an alternative technical view and therefore that a risk exists that HMRC may take a different view on the tax position such that more tax or less relief will be due/available. This arguably meets the first part of the test. The question then moves to whether it's unreasonable, in the circumstances, to take the risk.
53. Taking a credible view, or one which is most likely to succeed, should be considered reasonable. Taking an 'improbable' view (GfC 13 language) may be considered reckless. Taking a position that the adviser knows is incorrect is deliberate/fraud. But how is taking an 'arguable' view perceived? Given case law suggests that the test is whether the defendant perceives their action or omission to be unreasonable, might that be considered reckless too? And what then would be the point of GfC13 if the behaviour it is seeking to tackle becomes a criminal offence?
54. Another situation may involve a company incorporated overseas but managed and controlled in the UK. They take advice on what they need to do to cease being resident for UK corporation tax purposes. They obtain advice on changing where they are managed

and controlled. They are warned that HMRC may check the change of residence and more tax may be due if they didn't properly migrate. The directors only partially implement the advice but think what they've done is 'probably sufficient'. They say to their compliance agent (a different, generalist firm to the specialist who advised) that they got advice and think they're now managed and controlled overseas so please reflect that on the corporation tax return. They know they didn't follow all the recommended steps but don't appreciate that they did too little to change their tax position. Will HMRC allege they are reckless? If the agent doesn't check the implementation steps against the advice, is that reckless (or careless per Hicks – civil law)?

55. If there is a situation where an adviser is aware of some new case law precedent but is in a rush and decides not to look into it before advising the client – that may even be deliberate per CPR Commercials. If HMRC couldn't prove this then perhaps they'd consider recklessness if they felt that the adviser knew his approach/position was unreasonable. HMRC may perceive more situations to be unreasonable, but the person themselves may not perceive that their act/omission was unreasonable. It's important that the test is clear and, ideally, follows established case law.
56. There is another issue with the formulation of the offence. It does not seem to factor in proportionality. In other words, should the offence be restricted to significant amounts of tax or will HMRC use it where small amounts are involved?
57. HMRC should be encouraged to further consider how the established test for recklessness applies to tax work. It's important that this is done before legislation and guidance are prepared.
58. On first reading of the examples in Table 2 of the consultation document, it is difficult to see how HMRC has reached the conclusion in each case, and this demonstrates how difficult it would be to apply the behavioural test in practice. More information would be required around the circumstances, knowledge of the taxpayer etc to form a definitive form. Taking each in turn:
59. Example 1 - 'careless error': one could argue that it was reasonable to rely on the statement from the bank. There is not enough information in the example for the conclusion to be 'careless' – what is their knowledge of tax? Is this the first time they filed a return etc?
60. Example 2 - Reckless (not deliberate): The key facts are insufficient to sustain recklessness. Businesses expenses or a loss claim are not necessarily 'significant' reliefs – and HMRC has failed to define 'significant' in this context. There's nothing in the 'facts' which suggests that the person is aware that there's a risk that the claim is wrong or understands that it's unreasonable to take the risk. HMRC's view just says he fails to take reasonable steps to check – that indicates carelessness (a lack of reasonable care), not recklessness. It's also not deliberate by omission as the facts don't substantiate this (as that requires that the taxpayer suspects that a document contains a mistake 'but deliberately and without good reason chooses not to confirm the true position before submitting' it to HMRC).
61. Example 3 - Reckless (not deliberate): Again, the facts don't substantiate recklessness. What was the context? Was he rushing to do his filing after being very ill? He seems to be aware that a risk exists that he's got the wrong figure. But there's nothing in the information provided that deals with the second part of the test – unreasonable to take the risk. If one looks at the facts and considers them against the CPR Commercials test, he suspects that the return contains a mistake (the omission of the secondary account income) and uses only the main account – HMRC may argue that he 'deliberately and without good reason chooses not to confirm the true position before submitting it'. Thus, in this example, HMRC could pursue a deliberate behaviour civil inaccuracy penalty or use the criminal equivalent.
62. The consultation document evaluates examples of the proposed offence against some of the civil behaviour categories but not against criminal offences – there are no examples in Table 2 to show the difference between existing criminal offences and the proposal. Table 2 also omits the CPR Commercial's test involving deliberate behaviour by omission.

63. The phrase ‘it’s probably fine’ in table 2 is also concerning. Some tax work involves valuing assets and there’s always some uncertainty but an adviser may feel it’s probably fine to within, say, +/- 1% and will consider marking the figure as an estimate per HMRC’s guidance.
64. ‘It’s probably fine’ may also be an expression used by an adviser who is trying to advise on a new, uncertain tax rule with no case law to help them. They will try their best to decide on a position which, per GfC 13, is ‘more likely than not’ to succeed in Tribunal and be a credible basis per PCRT. They may feel that the position ‘is probably fine’ but be aware that more tax could be due if HMRC were to challenge the position in future. Given HMRC uses ‘it’s probably fine’ in an example of recklessness (although the situation probably isn’t reckless – see the notes on the examples above), should they worry that they are reckless? The actual answer should be ‘probably not’ but HMRC’s example may concern them. What records do they need on their file to show they were not reckless?
65. As this is a criminal offence, it will be essential for the safeguards to be set out in legislation, not guidance e.g. that mistakes due to carelessness or despite taking reasonable care are not in scope.
66. The new offence must only apply prospectively i.e. to mistakes occurring after a future date set out in the legislation, if it is to be introduced.
67. If the government decides to introduce the offence it should have a legislative sunset clause to remove it from the statute book if it’s not used in (say) 10 years. As part 5 of the consultation document says, HMRC should monitor the impact of the offence’s introduction on self-assessment processes and identify ways to review the effectiveness of its deterrent effect on a statistically significant number of taxpayers.
68. How the offence affects corporates needs to be clear. Will HMRC prosecute a company or LLP? Alternatively, will they seek to prosecute the person who, for example, signed the tax return?
69. If HMRC wants to prosecute recklessness in work undertaken by a tax advisory firm (company/LLP) then will it seek to prosecute the individuals responsible for the mistake (e.g. a partner and two staff) or will it prosecute the firm instead or in addition?

Question 8: Do you believe this option best achieves proportionality and deterrence for a direct tax recklessness offence, and why?

70. We note that the severity of the sanction imposed in individual cases would be a decision for the courts.
71. However, the proposed upper limit of a two-year custodial sentence or an unlimited fine appears excessive except in the most egregious of cases.
72. The existing offences under CEMA and VATA prevent firms from registering as tax advisers and interacting with HMRC on their clients’ behalf (s229 FA 2026). The consultation document is silent on whether this would apply to the proposed new offence. If it does, then this needs to be made clear to all advisers. This is another reason why the scope of any new offence needs to be crystal clear – so those conscientious advisers know precisely what they need to do to stay clear of the offence and demonstrate swiftly to HMRC that they were not reckless if the question is ever asked.

Question 9: Do you agree that fines should be unlimited on indictment? If not, what alternative would you propose and why?

73. No, we believe that the consequences of conviction for recklessness should be proportionate i.e. a step down on those for fraud/dishonesty.
74. How will the court set the fine? Will the MOJ sentencing guidelines for the new offence be consistent with existing offences?

APPENDIX 1

ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. **Statutory.** Tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament. A clear statutory basis ensures legitimacy, accountability, and public trust in the tax system.
2. **Certain.** As far as possible, the application of tax rules and compliance processes should be certain. Taxpayers should not normally need to resort to the courts to understand how the rules apply to their affairs.
3. **Simple.** The tax system should be easy to understand for all taxpayers and advisers. Complexity undermines trust, creates unfairness, and discourages compliance.
4. **Easy to administer.** Tax liabilities should be straightforward to administer for HMRC, agents, and all taxpayers. Taxes should be designed to work effectively in a digital environment, while administration must remain accessible to those with limited digital capability.
5. **Properly targeted.** Anti-avoidance rules and other targeted measures should be proportionate, clearly defined, and carefully scoped to achieve their policy objective without undermining simplicity or certainty. Poorly targeted measures add complexity and uncertainty, harming compliance.
6. **Stable.** Changes to the tax system should only be made when clearly justified by economic, social, or environmental goals. Transparent, purposeful reforms build confidence and move the system toward greater coherence and long-term stability.
7. **Subject to proper consultation.** Other than in exceptional circumstances, tax changes should be subject to open and meaningful consultation. Adequate time for stakeholder input improves policy quality, practicality, and public trust.
8. **Regularly reviewed.** Tax rules, reliefs, and policy-driven interventions should be subject to regular, transparent review to assess whether they remain relevant, effective, and aligned with current policy goals. Outdated or unjustified provisions should be reformed or repealed to maintain coherence.
9. **Fair and accessible.** The tax system should be fair and accessible in design and in operation, ensuring equitable treatment of taxpayers. Revenue authorities must exercise their powers proportionately, and all taxpayers should have timely access to HMRC assistance, independent appeal, and redress.
10. **Efficient.** The tax system should raise revenue in a way that minimises unnecessary distortions, compliance burdens, and resource misallocation. While all taxes affect behaviour to some degree, tax design should avoid cliff edges, unintended incentives, or inefficiencies that reduce economic wellbeing unless these serve a clearly defined policy aim.

For more information, please see Ten Tenets for a Better Tax System | ICAEW

