

Cheating

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Alex Hawkes at [Accountancy Age](#) has suggested that the government's approach in new offshore abuse rules, previously [discussed here](#), is Marxist.

[Dennis Howlett](#) has suggested that my support for the CFC rules makes me Old Labour.

Actually, my logic is much more simple. Alex really uses his blog to question whether the economic activity undertaken offshore is 'real economic activity', or not. My answer, on Alex's blog is:

The answer is of course obvious Alex. It's that the Treasury do not think that offshore [corporate] Treasury activities are real economic activity.

And they are, of course right. There are two reasons. First of all, they are managed onshore, so the offshore element is a charade. Second, they apply only intra-group. In other words, these do not involve real exchange.

So of course they are artificial. We should welcome the fact that the Government has seen through the smokescreen. There's nothing Marxist about that. It's just about stopping what I'd call, in simple but direct language, cheating.

And there's no reason to reach into the realm of politics to interpret that suggestion. Cheating is cheating, in anyones book.