

Tescos to Switzerland?

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I've heard rumour that Tescos.com is going to Switzerland. The reason is simple. It's being thrown out of Jersey who are trying to clean up their act on the import and immediate re-supply of CDs and DVDs to the UK to exploit a VAT loophole that is costing the UK government up to £200 million a year. Jersey's action would be more effective if they stopped the abuse altogether instead of just banning UK based companies doing it, but either way Tescos are reported to be looking for a new base for this sordid little activity in tax abuse.

How do I know Tescos are going to Switzerland? Every journalist in Jersey thinks they are. The entire music industry thinks they are. Come to that, the company have let slip to me that they are. None of which proves of course that they will; it might all be misinformation. But it looks likely.

All of which proves that there is a real need for the [judicial review](#) that the independent music industry have threatened against the government if they don't block this loophole, which they are required to do by EU law if it is distorting the UK domestic market. Tax, after all, is not meant to distort markets under EU law.

The UK government has to date denied that this abuse is distorting the market. Tescos people have let slip to me that they'd rather pay UK tax (honest) but they have no choice but do this. It's all down to being competitive in the market they say, which somewhat proves the government wrong, and maybe even suggests Tescos would really like to fund the judicial review so that this farce can end.

Either way, it's clear. The Treasury needs to get their head out of the Channel Island's sand, should see this as a threat to the domestic market and stop it now. The time for excuses is over.