

Beyond belief

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[Bloomberg report:](#)

Britain's financial regulator is demanding information from the country's biggest banks on how they structure themselves to minimize tax payments and what tax advice they give corporate clients, advisers to the banks said.

The Financial Services Authority has started to ask for the data as part of bank inspections called Arrow visits, the professional advisers said. Tax matters had almost always been handled solely by the U.K. Treasury's Revenue and Customs division in London.

The 1.4 trillion-pound (\$2.2 trillion) bailout of U.K. banks and demands to plan for potential collapse helped spark FSA interest in banks' tax plans, the advisers said. U.K. Chancellor of the Exchequer Alistair Darling yesterday blamed the "stupidity" of bankers for bringing Britain's financial system to within hours of collapse last year.

Not one word of that would surprise any reasonable person, I would suspect. But then note this comment:

"We are seeing more and more pressure on our larger clients that are systemically important," said [Bob Penn](#), a regulatory lawyer at [Allen & Overy LLP](#). "It's politically motivated. You have to ask what the legitimate interest in engaging with the tax-planning functions of banks is."

The state bails out ALL banks in the UK (they would have all failed if RBS and HBOS had gone, as would otherwise have happened) and a City lawyer thinks it is 'political' to ask about their tax planning?

Too right it is. And very right that it is. These banks have sought to undermine the democratic governments who bailed them out for too long by seeking to deny those governments the resources that were rightfully, and in some cases, no doubt, legally theirs. We're not just talking 'political' here: we're talking about saving the political system from banks here.

But there's no clear indication those who run financial services believe in democracy: if they did they could not act as they do.