

Hartnett whips up a storm on tax compliance

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[Hartnett whips up a storm at the ICAEW - Accountancy Age.](#)

The permanent secretary for tax and commissioner of HM Revenue & Customs has never been afraid of ruffling a few feathers and Dave Hartnett did not disappoint at a recent address to some of the UK's most eminent tax advisers.

Hartnett set out plans for a higher level of trust between the taxman, corporates and advisers at the ICAEW's annual Hardman lecture but hit out at those still looking to cheat the UK's tax system.

Although his speech was entitled Tax, Transparency and Trust, he still took a swipe at those salting away income in offshore tax centres.

"Few people put their money in Caribbean tax havens because they are looking for excellence in fund management," he said.

I'm delighted at how often HMRC and the Tax Justice Network now seem to be in accord.

We have more than stating commonly agreed facts in common though. the Age note:

The mood in the audience was decidedly frosty

I have to say I am sometimes received that way - and some just won't receive me.

Hartnett is asking people to be tax compliant. Tax compliance is seeking to pay the right amount of tax (but no more) in the right place at the right time where right means that the economic substance of the transactions undertaken coincides with the place and form in which they are reported for taxation purposes. I think that exactly that a government should demand and exactly what a tax adviser should suggest their client do. anything else is reckless.

My experience is that business is reluctant to engage on this issue. Why is that? What is it about what they do they do not wish to talk about?

And why is it that so many tax academics - secure as they are very far from the market in their civil service employments, encountering not a moment of risk in their tenured existence, promote the idea that tax compliance is the very antithesis of good practice and that the use of tax havens is a necessary business activity?

Where did this dishonesty come from?

And when will they accept that reform is going to happen? Their only choice is to be frosty, and to therefore be excluded from the process, or to engage with it?