

Worstall and Guido can't both be right

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[Guido Fawkes](#) has commented on this blog [this morning, saying](#):

"If the Tories get in business will be decimated."

Crass and ridiculous. Labour is crushing business with taxes cheered on by you.

He confirmed his belief by adding a further comment, [saying](#):

NI hike for a start.

But his fellow right wing blogger, Tim Worstall argues [in a comment also aimed directly at me](#):

businesses don't pay taxes. People do.

Come on guys. You need to agree a line. You can't both be right.

Rather curiously on NI I agree with Worstall.

For much of the rest Worstall is just wrong and Guido's instincts are right. Whilst on the economic blackboard of so-called rationality Worstall lives by which bears no relationship to reality it is true that it can be shown that a limited company cannot of course pay tax — the reality is that they do change where, when and by whom tax is paid and at what rate — as all tax planning and offshore proves. In which case Worstall is wrong and Guido is right in his instincts about whether companies pay tax — but fundamentally wrong in his analysis.

The simple reality is that wages and earnings have fallen as a percentage of GDP over the last thirty years, profits have risen as a proportion of GDP and tax yield from profits has not risen to match. So labour has been taxed more heavily — as people know — and it's time for this trend to reverse. Business does pay tax and has to pay more.