

Now the Tories want a corporation tax cut for Wales

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We have recently seen the madness of a Tory [cabinet Minister urging Northern Ireland](#) to become a tax haven - even though that can only be done at enormous cost to the people of Northern Ireland, [as I have pointed out](#).

And now we have the same completely bizarre logic being promoted by the Tories in Wales. Their ['Welsh Economic Commission' is making its main recommendation a reduction of corporation tax for Welsh businesses which they say:](#)

we believe is the radical step required following years of economic decline.

Oh dear. Apparently:

In order to spur investment by Welsh-based companies and attract high value added foreign direct investment, we believe that the UK government should be lobbied for a reduced corporation tax rate for Wales as this is the only major economic structural change that can lift the Welsh economy from the bottom of the UK prosperity league table.

I admit this shows a touching faith in the power of tax - but it's in direct conflict with, for example, their belief that all small business should be financed by taxpayer funded grants. Unless, of course their belief is (as most Tories now seem to think) the flow of benefits is to the rich at cost to the poorest.

As they note:

Unfortunately, no business or government body in Wales has undertaken a study to examine the impact of lower corporation tax on the Welsh economy, although a recent paper from Cardiff Business School suggested that a significant reduction in corporation tax in Wales could create at least 16,000 additional jobs.

Not cutting government spending would have the same jobs effect of course - and the Welsh Assembly's refusal to take part in NHS reform is certainly saving that many jobs, I'm sure.

But let's just consider the reality of this proposal for a minute: to meet EU requirements there would be a need for a separate tax authority for Wales. And a parliament with full taxing powers in Wales. And constitutional approval for the the change to that power. And the EU would need to be convinced this was not done just to change tax rates. And then there would have to be transfer pricing regulations in operation for all goods going into and out of Wales where there was common ownership on both sides of the border - so most lorries crossing the border would now require documentary proof of transfer prices.

And there would also be anti-avoidance measures to prevent relocation of business to Wales from England, putting obstacles in the path of relocation.

The chaos would be never ending.

I [note the author of this proposal](#) was a professor of entrepreneurship at the age of 29. It's s shame he never went out and did a bit of the real thing and some tax too, unlike some of us. If he had he'd have realised just how mad his proposal is.

But he's a Tory - and experience of the real world of work is quite unacceptable if you want to get on there.