

A budget for tax avoiders everywhere but the Channel Is...

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I have [the following comment on the Guardian site](#) this afternoon:

George Osborne said this was a budget to tackle avoidance. How wrong he was. Lawyers and accountants all over the country must be jumping for joy this afternoon — unless they're in the Channel Islands.

Employee benefit trusts — often based in Jersey — are going to be hit hard by this budget, and rightly so. These are last remnants of the age-old pursuit of avoiding PAYE. If they're consigned to history Osborne's done at least one thing right.

And Osborne gets full marks* for tackling another abuse long overdue to be abolished — which is the absurd industry shipping CDs, DVDs, computer memory and other items from the UK to the Channel Islands and then straight back again simply to avoid VAT. At least £200m a year was lost in this way — and countless fuel wasted. This is a reform that will cost consumers a little, cost Jersey and Guernsey a lot, and which will put jobs back on the high street.

But after that it was almost all good news for tax avoiders. The new charity rules sound open to massive abuse — and the Charity Commission and HM Revenue & Customs will need massive resources to police them, which they haven't been given.

The inheritance tax rules on gifts will be keeping will writers in business for years.

A new 5.75% tax rate on the treasury functions of large corporations in tax havens (yes, you read that right — 5.75%) will see corporate money flowing out of the UK faster than it will be possible to count.

And big business gets more tax cuts for its foreign operations which will increase their tax planning opportunities almost endlessly.

The same will be true for non-domiciled people — now able to bring money into the UK tax free through a new loophole for investment.

Will this budget help beat tax avoidance? No, it won't. It's the biggest boost in the arm for the tax abuse industry that it's had in a long time. Osborne knows who his friends are.

* Written before I'd read all the detail - now reduced to 5/10