

There's always an apologist for tax abuse - today it is...

taxresearch.org.uk/Blog/2011/03/06/theres-always-an-apologist-for-tax-abuse-today-it-is-sainsbury

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The [Telegraph - whose owners do, of course, live in the Channel Islands.](#) has lead the counter-attack today in defending the Channel Islands' VAT abuse.

As they report:

Some of Britain's biggest retailers are preparing to fight back against Government plans to scrap a niche tax allowance that enables online retailers to avoid paying VAT.

Designed to reduce red tape for both HMRC and traders, the relief is now used by big companies that sell items from DVDs, CDs, spectacles and books over the internet using bases in the Channel Islands.

One retailer with big online sales said that clamping down on the so-called low-value consignment relief (LVCR) would be "an attack on business innovation."

Tax experts also warned that changes to the relief, which the Government has hinted may be included in the Budget, would hit small businesses hardest and cost more to implement than it could raise in extra taxes.

So who were the apologists?

A Sainsbury's spokesperson said: "Sainsbury's entertainment website is a perfectly legitimate and increasingly popular shopping option for our customers, who appreciate the convenience, choice and value offered online. The vast majority of our entertainment sales are in-store; our online site, like many others, has adopted the industry model, to deliver the best possible price for consumers."

A spokesman for Tesco said: "Any savings from the existing arrangements are passed on to our customers. With regard to LVCR we support a level playing field for all retailers."

Which is precisely what we have not got.

And that online price costs our government hundreds of millions year - money we can ill afford in terms of poor public services, lost jobs and lost innovation in small business.

So those are weasel words. Just as these are misguided:

Mike Warbuton, tax partner at Grant Thornton, told the Daily Telegraph: "The LVCR plays an important role in reducing red tape for small traders. Before any changes are made, the Government must be clear that extra tax raised by closing the loop-hole will be greater than the costs that such action would incur."

No, not true. We don't treat crime that way. We don't need to treat tax avoidance that way. And we do need to protect our High Streets.

But let's also be aware that the moment the limit is reduced or a collection fee is imposed on Channel Islands' VAT then tax abuse will end overnight. Instantly. Sure some consumers will pay more. So be it. That's the price worth paying for ending tax abuse. And the price worth paying to stop the destruction of smaller business by people like Tesco and Sainsbury - who threaten us all with their monopoly power.