

Tax compliance wins the day

Published: January 13, 2026, 5:32 pm

[I mentioned yesterday](#) that I was to give evidence yesterday afternoon to the House of Lords Finance Bill Sub-Committee. I did so alongside John Whiting and Ian Menzies-Conacher (of Barclays) representing the Chartered Institute of Tax and two representatives of the Association of Taxation Technicians.

I guess what surprised me was that on so much the CIOT (the ATT having mumbles to say) were on the same ground as me. Several of these areas of agreement are important to record, so I'm going to do so on separate blogs and then draw conclusions.

Let me start though with a pretty fundamental issue. John Whiting and Ian Menzies-Coucher agreed that there is no doubt that taxpayers have a duty to pay tax in accordance with the will of parliament. It is the spirit and not the letter of the law that matters - and it is the spirit that should be complied with. The complaint was (and I have to agree there are grounds for this) that it was hard on occasion to determine just what that will is.

So there are some prelims to overcome (who said life was easy?) but I think it deserves to be noted that the leading tax institute in the UK in that case says that taxpayers have a duty to be tax compliant.

Tax compliance is different from tax avoidance and tax evasion because it is defined (admittedly by me) as 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. The significant difference between tax avoidance and tax compliance is the intent of the taxpayer. A tax avoider seeks to pay less than the tax due as required by the spirit of the law. A tax compliant tax payer seeks to pay the tax due (but no more).

But that begs the question, why isn't this in their code of ethics and why do so many of their members act otherwise? Because there is no doubt that far too many do. Tax avoidance would not be so prevalent unless that were the case.

