

The government believes in tax simplification so long a...

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There was a short debate in parliament yesterday on the EU's common consolidated corporate tax base (although I've yet to find the link).

Associated Press reported:

The Government does not support European Union proposals for a common tax base for companies operating in more than one member state, Treasury Economic Secretary Justine Greening said tonight.

Ms Greening said the UK needed "stronger justification" from the European Commission that the existence of 27 different tax systems was a "significant barrier" to the functioning of the single market.

Now that's interesting. The UK sees tax as a barrier to business in the UK. That's why it says it's going to cut the tax rate. But at the same time it can't see how 27 tax systems in Europe are a burden on UK companies working in all 27 states (or a reasonable number of them).

The positions Justine Greening has made are irreconcilable. If tax is a problem for companies and hinders markets as she claims then it follows that of course having 27 tax systems impedes the market.

Alternatively, if tax is not an impediment, as I'd argue, but minimising compliance cost and maximising tax recovery to minimise the tax gap so that the tax rate can be kept as low as possible for those honest companies who seek to comply with their obligations is a priority then of course one system that saves admin cost and eliminates transfer pricing problems is a massive boost to efficiency.

Either way Justine Greening makes no sense at all.

Unless, of course, she's not telling the truth (heaven forbid) and what she's actually saying is that the UK wants a tax system where:

- a) profits are artificially relocated to the UK because we have a low tax rate;
- b) transfer pricing abuse can continue and we can ignore it by claiming we only have a territorial tax system in future so such things are not our concern unless they directly affect us;
- c) we want to underline other government's revenues by encouraging tax cheating in the UK at cost to other governments;
- d) the government is not committed to a level playing field for honest business but is instead committed to creating an environment where tax cheating, driven by banks in the City of London is the supposed basis for our economy.

I think that's Greening's agenda and it brings discredit on her and the UK.

But quite absurdly Labour agrees with her.

It really is time we had some decent debate on tax in this country.