

# Channel Islands' VAT abuse can be ended by UK whenever ..

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The [Telegraph has reported](#) that:

*By the end of the year, CDs, DVDs and contact lenses will be among the hundreds of items that customers will no longer be able to buy cheaply via the internet as the government prepares to close the tax loophole that made it all possible, a source close to the EU has said.*

As The Telegraph continues:

*Up until now, the UK government was concerned about facing possible legal action if it attempted to stop the likes of Amazon, HMV and Play.com from exploiting a legal tax loophole that enabled them to ship goods to the Channels Islands and then back to UK customers minus the cost of VAT.*

*The EU has now given assurance to the treasury that it is perfectly within its rights to abolish the "abusive and restrictive" trade.*

*A change to the law that would see an end to the multi-million pound Channel Islands industry could be enacted as early as this autumn.*

*Exchequer secretary to the treasury, David Gauke, has maintained that he is determined to tackle the problem, although exactly how the EU's support will manifest itself in UK law remains unclear.*

So, now we know: this abuse is illegal and can be stopped without fear of legal challenge or claim for compensation against the UK arising.

And what will he spend the £200 million or so a year he will collect on? Youth services, maybe? Wouldn't that seem just?

So when will we see action from George Osborne to stop tax abuse, end tax haven activity, support the UK High Street, maintain UK jobs and ensure that the valuable role of UK music shops in offering diversity to consumers is upheld? And what will he spend the £200 million or so a year he will collect on? Youth services, maybe? Wouldn't that seem just?

No one yet knows the answers to these questions, but full marks to [Richard Allen](#), the businessman who lost his online music company to LVCR abuse and has since led the campaign to have it stopped for getting the whole issue this far.