

## The cosiness of the tax avoidance industry

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This is my friend Prof Prem Sikka in the Guardian yesterday:

*[The Parliamentary Accounts Committee] laments HMRC's cosy relationship with large companies, but is silent on the cosiness with the tax avoidance industry. It notes that HMRC officials attended numerous lunches, dinners and receptions organised by PricewaterhouseCoopers (PwC), KPMG, Deloitte and Ernst & Young. The lavish hospitality is organised to promote private interests rather than enhance HMRC accountability.*

Many former ministers act as advisers to big accounting firms. For example, Labour grandee [Lord Peter Mandelson](#) has been an adviser to Ernst & Young. Former ministers [Lord Digby Jones](#) and Lord [Norman Warner of Brockley](#) have been advisers to Deloitte. Former Labour [home secretary Jacqui Smith](#) is a consultant for KPMG. Former Conservative minister [Sir Malcolm Rifkind](#) has been an adviser to PwC. Do such political links skew the relationship between government departments and the private sector?

The links between the big accountancy firms and the Treasury attract no comments from the committee. For example, former PwC staffer [Mark Hoban](#) is the current financial secretary to the Treasury. Sir [Nicholas Montagu](#), one-time chief of the Inland Revenue, joined PricewaterhouseCoopers in 2004 before moving on to other lucrative commercial appointments. PwC partner [Richard Abadie](#) has been the head of private finance initiative policy at the Treasury. In June 2009, former PwC partner [Amyas Morse](#) was appointed UK comptroller and auditor general and became responsible for directing the National Audit Office. Former PwC tax partner [John Whiting](#) is the director of the newly established Office of Tax Simplification, advising the government on simplification of tax laws. [Chris Tailby](#), one-time tax partner at PricewaterhouseCoopers became head (until 2009) of anti-avoidance at HMRC. In July 2010, partners from KPMG, Ernst & Young, Grant Thornton and BDO became members of the government appointed [Tax Professionals Forum](#) and help shape the UK tax laws.

And he has only scratched the tip of the iceberg.

The revolving door is a massive problem, not least as many of these firms have had prosecutions or professional judgements against them for tax abuse in the last decade whilst at the same time they operate in all the major tax havens where they work day in and day out to undermine our democracy and that of other states by seeking to actively undermine our tax systems, laws and regulations, all of which, in my opinion, should debar them from consulting for the government.