

Ed Miliband's giving an ultimatum to tax havens

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Ed Miliband is giving an ultimatum to British tax havens. According [to the Independent](#):

Ed Miliband declares war today on the UK's secretive offshore tax havens which he says could raise £2.4bn for the Exchequer and help to reduce the deficit.

As Ed Balls, the Shadow Chancellor, signals a major shift in economic strategy by admitting that a Labour government would be unable to reverse all of the coalition's cuts, Mr Miliband will expand on his theme of "fairness in tough times" by making those at the top of society contribute more.

In the Labour leader's sights are the Channel Islands and the Isle of Man, which shelter UK residents' cash which would otherwise have to be taxed by HM Revenue and Customs.

European Union loopholes allow UK residents to disguise money offshore held in front companies and trusts. The tax havens are not obliged to let HMRC know which British taxpayer the vehicle relates to.

The EU is attempting to close these loopholes, but Mr Miliband will say that this time-consuming process, which could take years, is allowing billions of pounds to go uncollected.

A Labour source said: "In these tough times, when unfair choices are being imposed on people — like cuts to tax credits, or changes to child benefit — everything needs to be done to ensure those that owe tax pay their fair share."

Mr Miliband will call on the Government to act as a matter of priority through diplomacy at EU level. The plans are an expansion of his theme, set out in his speech last week, for the deficit to be reduced through fairness — particularly tackling the richest in society, while defending the "squeezed middle" on low to middle incomes.

Tax experts estimate that as much as £2.4bn could be raised by calling time on UK tax

havens. Richard Murphy, director of Tax Research UK, said: "Breaking tax haven secrecy is essential to collecting the tax that's the alternative to cuts."

The policy, which would be included in Labour's 2015 manifesto, is designed to show Mr Miliband is acting on reducing the UK's deficit amid ongoing questions about his leadership and the party's economic credibility."

And [according to the Observer](#):

[Ed Miliband](#), the [Labour](#) leader, is to demand that the government forces [Jersey](#), Guernsey and the Isle of Man to reveal the identity of British tax evaders with money hidden on the islands.

The tax havens, which are crown dependencies, are costing the government billions every year as the rich protect their money from Revenue and Customs probes through front companies and trusts.

Miliband will this week call for negotiations to begin with the governments on the three islands. He will also demand ministers follow up the talks with threats to shame the islands on the international stage by placing them on a globally recognised blacklist drawn up the Organisation for Economic Co-operation and Development (OECD)..

The move is part of the Labour leader's attempt to define himself as the foremost campaigner in British politics against the excesses of capitalism. He will claim that every £1m raised by his policy on tax havens is equivalent to a year's salary for 50 newly qualified teachers.

UK residents with money abroad are required to pay tax in Britain on the income they receive, but many do not declare that they have money stashed away.

Jersey, Guernsey and the Isle of Man have not been co-operating with UK authorities' requests for the identity of people with money on the islands. Richard Murphy, of Tax Research UK, said the country could recoup £2.4bn.

I have already provided links to my workings this morning. They are likely to be an underestimate as they ignore tax to be recovered on capital hidden offshore.

I do, of course, welcome this move by Labour. My hope is it's the start of a whole campaign on the tax gap. That though is for time to tell. For now it makes very clear that the claim by the Crown Dependencies that they are transparent and all is now well with them is but a hollow sham: that is far from the truth. Now it is time for them to offer real reform if they are serious in their claim that they do not want tax evaders to use them, something that is all too easy at present.