Funding the Future

Why is the Sun prioritising benefit fraud when the tax ...

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Left Foot Forward has blogged that it would have been great to report today that:

*The Sun has today launched its campaign against tax evasion, vilifying those, usually the very richest in society, whose scams cost the taxpayer a total of over £15 billion a year (*pdf)

But as they instead report:

Hang on, sorry.

The Sun has today launched its campaign against benefit fraud, vilifying those, usually the very poorest in society, whose scams cost the taxpayer a total of over £1 billion a year (pdf).

Tom Newton Dunn, the paper's political editor, **writes:**

THE SUN today calls on readers to help end the benefits frauds that cost the country a record £1.2 BILLION last year.

We urge Brits to shop the cheats stealing from honest taxpayers when the nation can least afford it.

Campaigning Iain Duncan Smith last night backed The Sun's crusade to end the scandalous benefits fraud crippling the country…

The Sun's first move is to hand over the evidence on Denise Knight, 44, who enjoyed a day on theme park white-knuckle rides despite claiming Disability Living Allowance for a bad back.

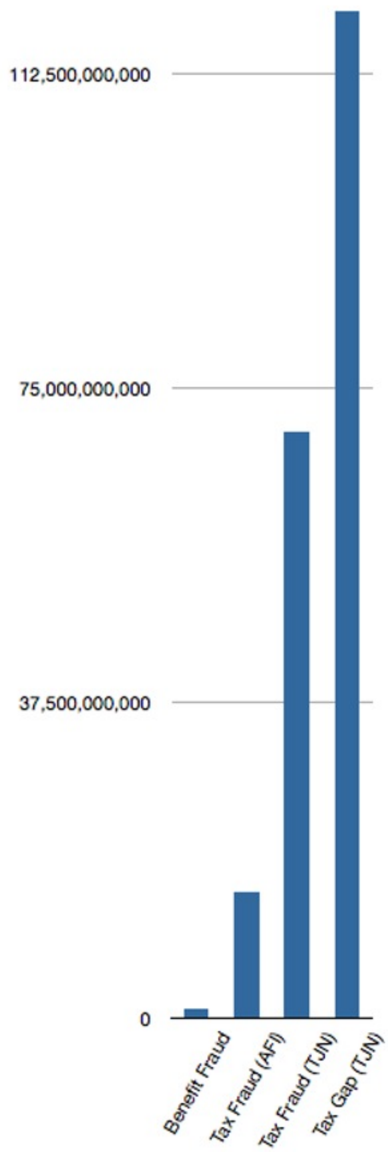
The Department for Work and Pensions will investigate whether the mum from Llangadog, Carmarthenshire – featured on our front page yesterday – is still entitled to her £50-a-week benefit.

The decision of the Sun to hone in on benefit fraud is an odd one. If, as they suggest, the £1.2 billion a year lost to deliberate fraud is 'crippling the country', then tax evasion, which costs the treasury over ten times that, must be outright killing it.

The annual fraud indicator (***pdf***) ***estimates a £15 billion loss through tax fraud — deliberate underpayment of taxes. And rather than their targets being people who are ill-placed to defend themselves against accusations, the archetypal tax avoider is rich, above the law, and with full knowledge of what they are doing.***

But that's the low end of the estimate. The Tax Justice Network reported that almost £70 billion were lost to what they call the 'shadow economy'.

And when you count tax evasion — which includes everything from companies having PO box offices in the Cayman Islands to individuals, from leading businessmen to top-tier politicians, paying themselves as companies — the difference becomes staggering. The TJN estimate over £120 billion of taxes are undercollected through evasion and avoidance annually.



Of course, there may be a reason for their blind eye. As Left Foot Forward reported last year:

As far back as 1995, the Independent reported that in the previous ten years, Murdoch's News International had paid "virtually no tax".

While corporation tax was set at 33 per cent, NI paid £11.74m of its £979.4m profit - just 1.2 per cent.

As recently as 2009, News Corporation's proprietor was being pursued by his homeland's government after failing to pay the correct rate of corporation tax, both in Australia and the United States.

Earlier this year, Australian Capital Territory (ACT) treasury officials won a legal battle,which awarded them A$77m for avoided taxes and duties. The Guardian reported in 2005 that Murdoch's family company was moved to Bermuda; the tax bill of A$1.2 billion had the potential to be avoided.

Of course, it may be Murdoch is unaware of his corporation's tax-shy practice given how little he knows about other ***key operational issues at News International.***

Quite so.

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