

Is the Treasury telling the truth on anti-avoidance?

Published: January 14, 2026, 6:19 am

[According to the FT](#), a Treasury spokesman said in response to Nick Clegg's suggestion of a tycoon tax this weekend:

"There are people out there making use of various reliefs and loopholes who don't pay much tax at all."

That is undoubtedly true. But they added:

"There is a commitment across government to close those loopholes."

That, I doubt.

First, Graham Aaranson's general anti-avoidance rule is no such thing. [As he says:](#)

I have concluded that introducing a broad spectrum general anti-avoidance rule would not be beneficial for the UK tax system. This would carry a real risk of undermining the ability of business and individuals to carry out sensible and responsible tax planning. Such tax planning is an entirely appropriate response to the complexities of a tax system such as the UK's.

In other words he has no intention at all of closing all the loopholes. He does instead: *However, introducing a moderate rule which does not apply to responsible tax planning, and is instead targeted at abusive arrangements, would be beneficial for the UK tax system.*

But what is responsible tax planning? Aaranson has tried to create a test. What is already clear is that public demand will not be satisfied by it. I suspect Clegg knows that, and that's why he's moving on. The Tories won't: Aaranson is a gift to them. It says it's a general anti-avoidance rule but doesn't do what it says on the tin. But all the time what we really need is a plan for true reform. As I said in response to first hearing of the tycoon tax this requires real reform to work. Things like this: 1) You have to align capital gains tax and income tax rates.

2) You have to get rid of discriminatory domicile rules.

- 3) You have to stop people shifting significant amounts of income and gains to their partners.
- 4) You have to make people personally taxable on the income of their personal service companies.
- 5) You have to make sure that offshore is open to view — or people will hide their income there. But this government is planning to preserve offshore banking secrecy for good through its deal with Switzerland.
- 6) You have to stop people diverting their income into trusts for family members, and treat those trusts as the settlors.
- 7) You've got to have a real general anti-avoidance principle.
- 8) You need an effective corporation tax on major multinational corporations and the current government is destroying that tax.
- 9) We need real taxes on wealth.
- 10) Local authority tax has to be transformed.

and of course:

- 11) Benefits have to be fair, sometimes universal, and have effort expended on them to make sure they are claimed.

I don't believe the Treasury is committed to those things. In that case the loopholes will remain. And what they're saying is not true.