

CBI tax misinformation - they support a general anti-av...

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In his speech on tax on 19 April CBI [director John Cridland said](#):

We've now seen proposals for a General Anti-Abuse Rule, or GAAR. Some have claimed this now has no teeth. On the contrary, the proposals look both proportionate and effective, focused on highly abusive, artificial avoidance schemes which serve no commercial purpose. These schemes should be weeded out and the GAAR will play an important role in doing so.

And for these reasons the CBI is now supportive in principle of the GAAR — a sign I hope you would agree of business taking this issue seriously.

There's just one problem with this: it's not true. There is no proposal to have a general anti-avoidance rule in the UK. As [Graham Aaranson who wrote the supposed proposal said in his report last November](#):

I have concluded that introducing a broad spectrum general antiavoidance 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.

So let's be clear - the CBI's claim to support a GAAR is nonsense - nothing of the sort has been proposed and the official report on the subject says so. yet again, the CBI wholly misrepresented the truth on this issue in their presentation.

Now why would they have done that? Let me quote from the Association of Revenue & Customs - the senior HMRC employee's union and a part of the Civil Service First Division Association. [They say in their report on this non-GAAR](#):

In December 2010 the Government asked Graham Aaranson QC to lead a review to consider introducing a general anti-avoidance rule (GAAR) into the UK tax system. His Report recommended a 'narrow' principle, centred on tackling 'egregious, or very aggressive, tax avoidance schemes.' This GAAR would have safeguards built in to

protect taxpayers, and be assisted in its operation by an Advisory Panel. The Government has accepted these proposals and will set out detailed proposals for consultation in summer 2012 with a view to legislating in Finance Bill 2013.

Having highlighted the problems with the proposal they noted these things:

ARC believes the proposal, and the concept of “responsible” tax planning, may widen perceptions of what is responsible tax planning and so make it harder to tackle avoidance.

and

The danger is that the existence of a GAAR introduced with this stated principle will encourage the view that any arrangement not caught by the ‘narrow’ GAAR is responsible tax planning. In other words it will, in the minds of taxpayers and planners, push the centre ground towards the right, and thus encourage more, not less, activity in the area of the spectrum that is avoidance.

This is, without a doubt, why the CBI are supporting this GAAR. It is a GAAR that lets their members extend the scope of their abuse in all likelihood.

And ARC went about as far as they could in explaining how this extraordinary circumstance came about, saying:

It should be noted that the members of this review possess wide and deep expertise in tax planning or tax law (e.g. Mr Aaronson is a noted Tax QC, representing many taxpayers in complex cases, although not HMRC). We think a representative from HM Treasury or an additional QC with a broad range of experience including Government work would have properly added the public interest perspective necessary when reviewing the issue of avoidance and its estimated £5bn cost.

Of course the CBI like the outcome: the GAAR proposal was written by a QC with a history of only acting for tax avoiders and never against them and his panel was packed with those with limited enthusiasm for a GAAR.

They make clear, and I make explicit, that the language used in calling this a GAAR when it clearly is not is very obvious deliberate dissembling: this is a package to help 99.5% of tax avoiders get away with their abuse and claim it is acceptable in law under the cover of a wholly ineffective GAAR that will never work. The CBI is speaking with a decidedly forked tongue when it praises this GAAR which will never deliver what they say it's described as on the tin, when even that is not true.