

# Charity as tax avoidance

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I have already referred to the quite [extraordinary article](#) by Simon McKie in the Church Times last week, and its absurd endorsement of tax avoidance - using an ethic that should shame the ICAEW who he has represented. But this article has more to offer in showing the workings of the tax avoiders mind.

There has been much outrage from philanthropists about the government's description of them as tax avoiders. McKie, however, confirms that is exactly why many of these people give to charity, saying:

*Yet a country in which the citizens paid only the tax that they thought was morally correct would be bank-rupt. Maintaining public life is possible only if most people recognise that they should pay the tax that the law demands, even if they regard that law as irrational and unfair.*

*This is not to say that we have no further duty to contribute to the public good. What we do not have is a duty so to structure our transactions as to maximise the slice of our wealth appropriated to be spent at the Government's discretion. Having fulfilled our duty to obey the law, we must consider our duty to contribute to others' good in the most effective way possible.*

*Many are deeply sceptical about the efficacy of Government spending. A wealthy man who chooses to give £1 million to a charity decides to trust the charity to spend that amount of his wealth for the good of others rather than to allow the Government to spend half of it. That does not seem to me an irrational preference.*

That is tax avoidance.

And that's also the opinion I very clearly heard John Low of the Charities Aid Foundation expressing last week - whose antagonism towards government spending could not have been clearer.

so let me reiterate - we have a welfare state because charity very clearly failed, and would fail again if it had the role these people want, at massive social cost to the

people of this country.

What they are saying is charity is a way to block the role of government - that they refuse to subscribe to.

That is tax avoidance. But it's worse than that - it's using charitable structures to deny resources to the people of this country in pursuit of these people's political beliefs.

If you want a reason why higher rate tax relief for charitable giving should go this is another very good one.