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I've just referred to this morning's Observer editorial, which in turn references my 2008 report for the TUC, The Missing Billions.

It has for some time been sport amongst the big accounting firms, libertarian groups and certain parts of the Treasury to say I got that report wrong, claiming the gap I identified was just down to 'legitimate' tax avoidance. In itself that is an odd claim. By definition all tax avoidance is legal (which is, admittedly, not quite the same as legitimate). That legality does not, as George Osborne put it, prevent it being “morally repugnant". He's got the point even if the big firms haven't.

But the claim those groups have made is also wrong. What they suggest is that what I did was count such things as capital allowances on the purchase of equipment as being a tax avoidance activity. Well, in part, I might have done, but then since almost the whole of the structured finance activity in most large banks is based upon such abuse that would be a legitimate thing to do. But that was only part of the issue I identified. My figure for tax avoidance by large multinational corporations operating in the UK was at £12 billion some £10.5 billion bigger than the estimate presented by HM Revenue & Customs. That was because I started with the accounts of those multinational companies and worked down, whereas HMRC started with the tax returns submitted to them and sought to identify anything they might consider tax avoidance within those returns. Those are, however, fundamentally different approaches to addressing this problem.

HMRC's approach assumes that the tax returns that they receive from the largest companies in the UK correctly reflect the profits that they earn in this country and then looks for any tax avoidance within those declarations. My approach, which started with the global accounts of the companies in question, sought to establish an estimate of the likely profit that those companies should have declared in this country if they had not engineered their affairs to ensure that large part of that profit was relocated to tax havens and other such places through what is, in itself, tax avoidance activity. That tax avoidance activity in the structuring of these multinational corporations is completely ignored in HMRCs' approach but is, of course, by far the most important part of the tax avoidance activity of these companies.

To give some indication of the differences that might arise we just need to look at a report in the Mail on Sunday, published today, which, although it does not acknowledge it, was based upon methodology that I have created, and about which I was interviewed during the course of the preparation of the article. The article in question, by long time tax hack Alex Hawkes, says the following, and because of its importance in the current debate I reproduce most of it in full, claiming a public interest defence for doing so:

Internet giants avoided about £650â€‰million in UK corporation tax in 2010 by legally taking payments via offshore companies, according to analysis by Financial Mail.

The research into the tax paid by Apple, Amazon, Google, eBay and Facebook will reignite the debate as to how much tax multinationals pay.

In most cases British customers are buying goods or services from offshore divisions of the internet groups, not their British arms.

What they earned, and what they kept

	Revenues from UK sales	Estimated profit on UK sales	UK tax if levied	Tax actually paid in the UK
Apple	£6bn	£1.3bn	£370m	£10m
Amazon	£3.2bn	£150m	£42m	£517,000
Google	£2.1bn	£750m	£210m	£5m
eBay	£800m	£180m	£50m	£3.4m
Facebook	£100m	£51m	£14.2m	£396,000

Sources: SEC FILINGS, ENDERS, COMPANIES HOUSE

Figures from the companies' American filings suggest that the five made revenue of £12.2billion in Britain in 2010 from British consumers and advertisers.

On the basis of their global profit margins for the year, that would mean profits for the five from sales to British customers would have amounted to almost £2.5billion. Corporation tax at 28 per cent would have seen them pay £685million.Instead, subsidiaries established by the five in Britain paid just over £19million in 2010, or 0.8 per cent.

Facebook, Google and Apple base their European operations in Ireland, where the corporation tax rate is half the UK's, while Amazon and eBay base theirs in Luxembourg.

Facebook said it could not comment because it was in a closed period before its American listing.

Google said it had an obligation to shareholders to 'set up a tax efficient structure'. EBay said: 'We comply fully with all applicable tax authorities and regimes.' Amazon said: 'We have a single European headquarters in Luxembourg.'

Apple declined to comment.

In 2010 just five companies paid just £19.3 million in tax compared to a reasonable estimate of £685 million that might have been owing. That means that the tax gap with regard to these companies, on my basis of calculation, would be some £666 million. It is quite possible that on HMRCs' basis of calculation it would be zero.

Now you can see how we came up with such different estimates.

Now I think you can also see who is, very obviously, and very logically, right.

I think it is time for that debate be considered over, but I have a strong suspicion that some small minds in the Treasury will cling to it for some time yet.