

# Why is George Osborne surprised about tax avoidance? I ...

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As I am on a train from Paris right now I'm only just catching up with this morning's news about HMRC showing George Osborne 20 anonymised tax returns revealing that just 20 people in the UK have avoided £145 million of tax between them.

The story should not be news. I warned in 2008 that the scale of tax avoidance was far higher than HMRC calculated. This was in my report 'The Missing Billions' published by the TUC that year, in which I said there was at least £13 billion of personal tax avoidance in the UK and a further £8 billion of excess reliefs granted to very wealthy people.

<http://www.tuc.org.uk/touchstone/missingbillions/1missingbillions.pdf> (apologies - links are harder on the iPad).

I have always maintained, hard that such estimates are, this extrapolation of HMRC's own data (much of it hardly updated since then) was a reasonable guide to what was really happening in the UK economy. HMRC always said otherwise - vociferously, and rather personally, taking at face value the absurd observations of the libertarian right and, to some degree, the Oxford Centre for Business Taxation on such issues. This is reflected in their last estimate of tax avoidance. In that report, published last September, they said total tax avoidance by individuals of income tax, national insurance and capital gains tax combined was just £1.5 billion.

<http://www.hmrc.gov.uk/stats/mtg-2011.pdf> Now we can really see how ludicrous that estimate always was. HMRC knew all along that 20 people accounted for almost 10% of that sum.

I have long maintained ministers have not told the truth on this issue, and that HMRC have quite deliberately misinformed on this issue, both to ministers and the public. Now it is very clear that I was right about that. I don't expect, and know I won't get an apology. But what I do expect is action to tackle this issue at long last, and much greater honesty in future, plus a willingness on the part of HMRC to dismiss the very obvious and ludicrous claims of the economic far right which they have been far too willing to embrace.

If all Osborne has done is issue an interview to support his cap on tax reliefs at

£50,000 that's not enough. That ignores altogether abuse via capital taxation. It also ignores the massive abuse possible via companies. Real change is needed. Having let the cat out of the bag that tax avoidance really is much higher than official estimates Osborne has to do three things.

The first is re-estimate the issue. I'd suggest that involves talking to the very few people who have been right about it to date, including me.

Second, definitions of abuse have to very clearly be redefined. The mantra, too readily accepted by HMRC 'that it's legal so it's acceptable' has to be confined to the bin.

Third, we have to have comprehensive action to tackle this abuse. Now. Nothing less will do.

Will he do those three things? Let's wait and see. But don't hold your breath.