

## A riposte to the Church Times on tax avoidance

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I gather that those who have asked the Church Times for a right to reply to [the extraordinary article they published last week](#) endorsing tax avoidance have been told that won't be allowed. I'm not surprised. The Church Times has a history of supporting tax abuse that does it and the Church of England no credit - and shows how far it remains captured by a social elite dedicated to maintaining and increasing the social, income and wealth divides in the UK.

In that case it is very unlikely that they will publish my riposte either as it's longer than a normal letter so I'll publish it here instead:

*Sir*

*I note Simon McKie's article 'Is tax avoidance wrong?' in which he concludes "tax avoidance is not a significant threat to government revenues, and is not immoral, but rather is the sign of a morally healthy tax system".*

*I was tempted as a long term campaigner against tax abuse, whose work has been motivated by my Christian conviction, to simply ignore such absurd claims and let Mr McKie be judged by popular sentiment, which so very clearly now disagrees with what he says. But then I noted that Mr McKie derides the 'public clamour' that has led to demands for a general anti-avoidance rule in the UK, which clamour I have helped create, and realised that the view that Mr McKie puts forward does have to be challenged.*

*It is extraordinary that anyone who knows anything of tax, and who makes appeal to morality, can argue as Mr McKie does. He knows, as I do (for I, like him, am a chartered accountant) that the term tax avoidance does not, as he suggests, apply to simple situations where the law says tax does not have to be paid. Tax avoidance is the act of deliberately seeking to get round the law as parliament intended it should apply by seeking loopholes in that law that can (usually) be linked as part of a string of events that mean that one of four things happens. The first is that less tax than expected is due. The second is that if tax is paid it is due by an unexpected party to the transaction*

*giving rise to it e.g. a trust or company who seem to have little economic relationship with the event that should have been taxed. Thirdly, the profits arise in an unexpected location (usually a tax haven). Finally, the tax is payable somewhat later than anyone might reasonably have anticipated. These are the goals of tax avoidance.*

*Now, of course Mr McKie is right in part; to be tax avoidance all the shenanigans that are put in place to achieve one or more of these goals have to, in themselves, be legal but there is not a reader of this paper who does not think that some things that are strictly legal are also morally unacceptable. Christians do not accept that the law is the ultimate moral arbiter of what is right or wrong. And how could anyone think it was moral to spend one's time seeking to undermine the will of a democratically elected parliament by deliberately seeking to get round the law? And yet that is exactly what tax avoiders - and most especially the rather limited and aggressive form of tax avoiders that the general anti-avoidance rule that the government is proposing - do with their time. This activity of undermining democratically endorsed laws is what Mr McKie is saying is the sign of a healthy tax system.*

*In the process, and by relocating transactions to places and people not really involved in them, those who undertake tax avoidance engage in a form of deliberate deceit. In doing so they usually go to great lengths to cover their tracks - for such is their sense of morality that the last thing they want is that they be discovered tax avoiding - and in the process they ignore or reject all the principles of transparency and accountability that underpin trust in the market place and between citizens and their government. This is not neutral behaviour: there is consequent cost for all us in the form of additional regulatory obligations imposed upon us all.*

*Perhaps worst of all though, by engaging in a form of competition based solely on the ability of companies to get round the law rather than to concentrate on supplying the goods and services that we in the market place really need those engaged in tax avoidance undermine honest companies who want to pay their dues but lose out to those who cheat. Again, this imposes cost on us all. This form of competition is necessarily destructive and short term and therefore tends to do greatest harm to those companies who take a long term view, who invest in the economy, who train staff and who develop products to meet social need. We all pay the price of that, not least through increased unemployment, a loss of international competitiveness and through higher long-term prices.*

*Simon McKie worries we might suffer more tax evasion in this country if we crack down on tax avoidance. He ignores the fact that by my estimate we already have £70 billion of tax evasion in the UK each year, a process aided and abetted by our tax authority losing half its staff in a decade. But that's not the most worrying aspect of what Mr McKie has to say. What he calls moral is what most in this country now see as an attack on the fabric of our society by a tiny elite of tax professionals that has the sole aim of making the rich in this country richer at cost to all others who live here. That's very hard to reconcile with Jesus' claim that he came to deliver good news to the poor.*

*That's the last thing tax avoiders do, and that's why it is so troubling to find them getting such prominent space given to them in the Church Times.*

*Yours faithfully*

*Richard Murphy*