

A General Anti-Tax Avoidance Principle that passes the ...

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This Friday the government [closes its consultation on what it calls its General Anti-Abuse rule for tax](#). There however a massive problem with that rule: it does not pass what might be called "the Ronseal test". To put this another way, whilst the government says that it is proposing this law to crack down on tax avoidance the proposed rule will do no such thing i.e. it does not "do what it says on the tin".

I [have estimated that tax avoidance in the UK amounts to some £25 billion](#): the government thinks it a very much smaller sum. Whichever sum is right the fact that the [economic impact assessment](#) for the proposed General Anti-Abuse Rule suggests it will have little or no measurable impact makes clear that the abuse rule the Bill proposes will be almost entirely ineffective. After all, why introduce a Bill to tackle a problem if the estimated impact is negligible?

In that case the question the government has to answer is why is it introducing a measure supposedly tackling tax avoidance if it knows that measure will not work? Is that because it actually has no serious intent to tackle this issue at all and is instead passing a law that will, as the Association of Revenue and Customs think, stop almost no tax abuse but instead allow almost all existing tax avoidance, however morally repugnant the Chancellor might say he thinks it is, to be passed off as being morally acceptable? Unless this question can be properly answered the suggested rule should not be created as it will encourage more, not less, tax avoidance in the form in which it is now proposed.

Importantly, as the government now knows, [an alternative Bill](#) to create a General Anti-Tax Avoidance Principle has been presented to the House of Commons by the Rt Hon Michael Meacher MP in the last few days. That Bill is to have its second reading on 14 September. In the interests of full disclosure I should note that I wrote that Bill for Michael Meacher but that does not change the fact that it would supply the anti-avoidance principle that this country has so long needed.

If the government is serious about tackling tax avoidance then it is Michael Meacher's Bill is what should be included as a schedule to next year's Finance Bill in place of the

proposed general anti-abuse rule on which the government is consulting on now. If that were to be done we could be sure HM Revenue & Customs would have the powers they need to really tackle tax avoidance because we would then really have an anti-avoidance principle for the UK that would do exactly "what it says on the tin".

There's [more on Michael Meacher's Bill here](#).