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HMRC, by some strange coincidence, published a briefing last week called 'Taxing the profits of multinational businesses'. There's a copy here. It's truly appalling.

This is the best they can say:

Everyone — businesses as well as individuals — should pay their fair share of tax as intended by Parliament.

OK, I buy that.

The vast majority of individuals and businesses do pay the right amount of tax at the right time.

Except of course the 50% of self employed people who they say don't.

And then there's an average of 14% of VAt not paid. But let's move on:

HMRC strives to maintain a level playing field for businesses by tackling the minority who try to dodge tax.

Let me mention Vodafone, Google, Apple, Amazon, Starbucks and more. Forgotten them already HMRC?

HMRC is alive to the risk that multinationals may try to structure their affairs so that profits from economic activity carried on in the UK are not taxed here.

We hadn't noticed.

There are tax rules designed to combat tax avoidance by multinationals

Might we have that in the past ese please? There were suc rules. But Controlled Foreign Company rules are being gutted, foreign dividends are no longer taxed, MNCs are being encouraged to take their Treasury functions out of the UK, and more. What rules there were are being flattened.

HMRC deploys specialist tax professionals to ensure that multinationals comply with the rules.

But woe betide if they try to hard. One of the best is now suspended.

And then they go into a technical diversion. It's the standard trick of the tax avoider: say it's all down to the rules. HMRC do! Look at their conclusion:

International tax law is complex and HMRC works closely with tax authorities across the world to promote the adoption and consistent operation of tax rules that result in a fair and joined-up tax system.

Is that why the UK has done so much to block the work of the UN tax committee - because I can assure you, it has.

And then they add:

HMRC seeks to develop open and co-operative relationships with multinational businesses.

Might I mention Vodafone, again?

But this one is the key paragraph:

Globalisation means that multinationals have the opportunity to structure their business to take advantage of beneficial tax rules in different countries. Provided that this results in profits being taxed in line with where genuine economic activity is carried on, this does not amount to tax avoidance.

So Google billing UK sales from Ireland when they're sold by people in the UK reflects wgere genuine economic activity takes place, does it? Or Amazon billing sales from UK warehouses from Luxembourg does the same? What do HMRC think we are? Gullible, or just stupid?

No, they explain it like this:

UK's corporation tax system mean that the UK has an internationally-competitive corporate tax system, which is designed to attract and retain economic activity here.

No it isn't. It's designed to give foreign businesses trading here an unfair and wholly unjustified competitive advantage over UK based businesses, because as the Starbucks case proves, that's what it's doing. But hang on, they seek to justify this:

Some countries which aim to attract multinational businesses have tax policies that are harmful to others.

Ah, the difference is that in our case we attract multinationals by harming ourselves. Now I get it!

And then they add:

Identifying how much corporation tax is paid [is hard]. Company accounts include references to tax liabilities, but it is not generally possible to identify from the accounts how much UK corporation tax has been paid. This is because of the differences between the way in which profits are calculated for the accounts and the way that they are calculated for tax purposes.

They've been rolling this argument out for years - ever since I wrote The Missing Billions in 2008. And it's wrong. Of course what they say here is true in any one year:

So although an apparently low tax rate in a company's accounts might indicate tax avoidance, it could also be the case that the business has acted entirely properly, by making use of specific tax reliefs and incentives designed, for example, to encourage capital investment or research and development.

But that's precisely why I and those I advise look at a company's record over time. Then any aberrations for these reasons should disappear and something like a true rate should be found, as it is.

So, what to make of this extraordinary apology for failure? First, you'd think KPMG had written it as an excuse for just following the rules to the limit and coming up with unfortunate consequences But then, with a former KPMG senior partner chairing HMRC what else would we expect? We are in the absurd situation that the tax abuse profession is now controlling HMRC.

Second, what's staggering is HMRC offer no solutions. How about suggesting tax returns be put on record? Or how about supporting country-by-country reporting? Then we'd know what tax was paid where. And how about saying they're going to Ministers to ask for changes that will stop the abuse of the likes of Google? And what of saying that the changes that are being made to CFCs and so on will all make it harder to stop avoidance? What even of a suggestion that UK based companies should have a lower tax rate since they're the ones likely to be paying? And what about saying many more well trained staff would help a lot and they're stopping sacking them by the thousand?

No, there's none of this. There are just excuses for inaction, ineffectiveness, and inability to collect tax.

We really do need new politicians in charge with the will to collect tax. But what we know is that's the last thing the Coalition want as they want to cut tax as an excuse to cut the state. And it looks awfully like HMRC are a willing agent in that process.

It's a staggering message of the capture of the state by tax avoiders sitting on the Board of HMRC to make sure it cannot deliver tax justice. Which is precisely why the rest of us need to do so.