

# The problem with tax avoidance is not the BBC, but that...

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I had [an article on Comment is Free this afternoon](#), talking about the fuss made about the BBC paying contract staff without operating PAYE.

For the record, I condemn them for doing so when it was inappropriate, but add:

*I am quite sure all the newspapers jumping up and down about this issue at the BBC pay many of their "staff" as contractors.*

In that case this is not really an issue about the BBC at all, it is a systemic one. On that I said:

*There are four problems that follow. The first is that this is always done for better-paid staff: the impression that tax avoidance is for the well-off is reinforced. This is a divided country.*

*Second, because the penalties for this abuse always fall on the contractor and not on the paying company (as a result of large business lobbying) there is nothing that can really be done right now to stop this practice.*

*Third, with HMRC still sacking thousands of staff a year, there is no real prospect of any effective challenge at contractor level to this abuse. Even if it increases the number tenfold, just 230 cases will be raised a year: that's practically no deterrent at all.*

*Last but not least, the government deficit will grow as long as this abuse is not stopped. And that is the paradox. We have a government whose chancellor [says tax avoidance is repugnant](#). And it says deficit reduction is its number one priority. And yet it will do nothing to stop such abuse, preferring to impose cuts on the poorest instead.*

This is not an issue about the BBC. That's important, but a sideshow. This is an issue about the whole ethos of government and its right to charge and collect tax to pay for essential public services in his country. And unless action is taken, it follows as surely as the BBC News being on at 10 that those public services will have to be cut.

In which case, is that what the blind eye the government is turning, indicated by record low levels of investigation, really all about?

That I think is the political issue at the heart of this: why is our government simply not trying to stop tax avoidance, as increasing evidence suggests is the reality? Is it that they really want a deficit, and a gutted tax authority, too under-resourced to ever collect the tax owing so that there is no option but cut services? That looks to be the case to me.