

Laffer said when tax rates are cut tax revenues will ri...

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The [Laffer curve is based on a simple claim](#). It is that when tax rates fall tax revenues will increase. That is because tax is supposedly a disincentive that prevents private sector activity. Therefore if less tax is charged as a percentage rate on each individual or company the amount they do increases so actually more is paid. This is the logic that underpins George Osborne's beliefs on tax - and most especially corporation tax.

As a result the UK rate of corporation tax has been falling heavily:

Tax year 2010 2011 2012 2013

Main rate of Corporation Tax 28% 26% 24% 23%

And as the [Independent reported this month](#):

Last month Treasury receipts from VAT and income tax — which we all pay — rose by 6.4 per cent relative to October 2011. But corporation tax receipts — levied on the profits of the largest firms in the land — fell by 10 per cent on the same month a year earlier. In October companies poured £7.8bn into the state's coffers, down from the £8.7bn they handed over last year.

So much for the Laffer curve then.

As I've always said: we're already on the upward sloping part of the Laffer curve. That means cutting rates means less tax. And as night follows day, that's what is happening.

So much for Laffer.

So much for the right wing advocates of Laffer.

So much for George Osborne.

Now shall we have some plain common sense on this issue in future?