

Why tax avoidance and morality are inextricably linked

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The debate on tax avoidance is now inextricably and correctly linked to a debate on tax and morality. To explain this let me reiterate what tax avoidance is. It is getting round tax law to obtain an advantage parliament did not intend. So tax avoidance is not paying money into a pension within allowed limits or subscribing for an ISA. Parliament intends those reliefs. Tax avoidance is instead finding loopholes and discrepancies in and between tax and accounting laws either in the UK or between the UK and other places so that income falls out of the UK tax net.

It is, of course, often said that tax avoidance is legal. I dispute that. Correctly it is not illegal. But nor is it sanctioned by parliament. It is in a grey area where the law is in doubt, and very often the application of law is, in the absence of a general anti-avoidance provision, also in doubt.

That is precisely why this is a moral issue. When the application of law is uncertain, and it can be, morality has to take its place as a guiding principle as to right action. The inclusion of morality in tax debate is appropriate for precisely this reason. Deciding to use those grey areas to secure an advantage is a moral decision. That is, surely, impossible for anyone to deny. In that case tax avoidance and morality are issues that are inextricably linked.