

# Labour commits itself to tax transparency and country-b...

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I [noted earlier what Ed Miliband said about tax and corporate transparency](#) on the Andrew Marr show this morning and said that this was a welcome development about which I hoped to learn more. It seems it has not taken long for my wish to be granted because Ed Balls [published an article on The Huffington Post](#) this afternoon saying:

*In tough times, and when the government is cutting spending and raising taxes, it's even more important that everyone plays their part and pays their fair share of tax.*

*Good British firms and millions of families are paying their fair share, but it is not right that some firms don't. That needs to change and last autumn, [I said that to tackle tax avoidance we need action in a number of areas](#).*

As Ed Miliband said this morning, with One Nation Labour the first step is to put an end to the era of tax secrecy, because the reason some companies behave like this is because they think no-one will notice. And second we need to reform the rules that allow companies to make profits in Britain but pay no tax.

Recent cases of companies who have manipulated the tax rules to reduce the tax they pay in UK to virtually nothing have rightly outraged all those people and businesses who pay their fair share of tax. They ask why some seem to think the rules not apply to them. This is not only unfair and also undermines companies who do pay their tax expecting there is a level playing field.

Sometimes there will be good reasons why companies pay little tax - some companies invest large sums in research and development, assets and infrastructure, which we should celebrate. But we also need to know when companies are stripping their profits out of the UK through artificial schemes.

So far, so good, you might say; that's the stuff of politics, but then he moves to specifics:

*The government is failing to show the leadership we need. It talks about putting tax avoidance on the agenda of the G8 but is not coming forward with concrete proposals.*

*And it is undermining the ability of HMRC to administer and collect the tax, by cutting its resources too far and too fast. HMRC now has more staff working on administering their child benefit cut than it employs in its 'offshore co-ordination unit' and 'affluence unit' combined to tackle tax evasion and avoidance.*

I warmly welcome this commitment to HMRC, something I have long called for.

I also welcome this:

*First on ending tax secrecy, multinational groups should have to publish a simple, single figure for the amount of corporation tax they pay in the UK. At the moment it is too easy to set up complex networks of companies within a group, some of which can be based in tax havens, and move profits between them. This can make it very difficult to assess the overall amount of tax paid. Multinational groups can and should be able to structure however they wish, but they should have to produce a single figure for their UK tax.*

Quite so, and he goes on:

*To make that happen the government should put concrete proposals on the table for the G8 to deliver internationally agreed action on tax transparency. But in the meantime Labour will also be talking to British business about how transparency of revenues, profits, and taxes paid that's needed could be delivered domestically if international agreement takes time to be reached. No action isn't an option.*

*This transparency will make a difference because companies won't behave like this when it's clear to the public what's going on.*

That's a call for UK based data in accordance with the principles of [country-by-country reporting](#) unless I'm very mistaken.

*But this isn't just about individual companies. So second we're going to have to reform the current rules that allow companies to make profits in Britain but pay no tax. That means reform of our corporation tax system. In the 21st Century value is now often in brands, intellectual property, customer loyalty and ideas which can be traded globally between different parts of a company group. The rules need to be clearer, tighter and properly enforced.*

*That is why, as part of the policy review, we will also be looking at the rules underpinning the taxation of multinationals. We will examine international lessons on how we can improve transfer pricing rules, learning from countries where rules are more strictly applied. Shadow exchequer secretary Catherine McKinnell and I will be publishing a consultation document in the coming weeks and we will gather evidence from experts across the corporation tax field.*

*With David Cameron and George Osborne failing to show the leadership we need to*

*tackle tax avoidance and put this issue at the top of the international agenda, One Nation Labour will act.*

I will be seeking to submit evidence and I am delighted Labour has taken a lead on this issue.

PS As [my publisher has noted on Twitter](#), maybe they'd like to read chapter 8 of my forthcoming book, [Over Here and Under-Taxed](#).