

A cautious welcome for the government's tax and procure...

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It seems the FT has an exclusive on Danny Alexander's pronouncement on tax avoiders and public contract procurement. [As they report this morning:](#)

Big companies face being banned from bidding for major government contracts under rules aimed at clamping down on aggressive tax avoidance by some of Whitehall's most important suppliers.

Danny Alexander, the Treasury chief secretary, will announce on Thursday that companies will have to sign a declaration that they have not fallen foul of wide-ranging tax avoidance rules in the past 10 years before bidding for government contracts worth £2m or more.

They add:

Under the new regime, which will come into force in April, companies will be forced to disclose any occasion in the past 10 years when they have not complied with tax rules. That would include flouting specific bans on certain tax-avoidance schemes or setting up complex payment structures to avoid value added tax.

It will also include any breach of the [new general anti-avoidance rule](#), which also comes into force in April and is aimed at ending highly artificial tax avoidance schemes.

I was dubious about this. Two things make me think it may be more useful than I expected. One is the £2 million limit. The second is that it covers ten years, covering the whole of the DOTAS (Disclosure of Tax Avoidance Schemes) era. This gives a benchmark for assessment.

I remain cautious: I suspect a better arrangement would be possible, and let's be clear, Google and Amazon would not to my knowledge be caught by this (as I will explain in [Over Here and Under-taxed, out Monday](#)) but such a scheme is better than nothing.

And now wait for the companies to roar in protest, and march to Brussels in vain complaint. I genuinely think that won't work by the way: the principle that a social filter can now be applied to procurement has now seemed to be accepted. What better social filter than paying your tax?

If this works the message is a good one: tax avoidance does not pay. That's got to be right.