

Beware Cameron's rhetoric on tax. He's already back sli...

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After a decade of campaigning for senior politicians to take tax avoidance seriously I am obviously delighted we now have three come along at once. The Prime Minister, Deputy Prime Minister and Chancellor have all announced this is a top priority for them. The trouble is that in this case, like three buses together, they might all have the same route number displayed, but the drivers seem to have little clue where the destination might be.

Cameron's language, in particular, was robust throughout January, in both press conferences and at Davos. He was emphatic: on 4 January it was reported "The Prime Minister said he was going to make "damn sure" that foreign companies like Starbucks and Amazon which have been found to avoid legally paying a large corporation tax in the UK paid their fair share."

<http://www.telegraph.co.uk/news/politics/david-cameron/9779983/David-Cameron-Tax-avoiding-foreign-firms-like-Starbucks-and-Amazon-lack-moral-scruples.html>

In February that language changed, considerably. It was reported he'd said in India "I think the problem with that is that there are some forms of tax avoidance that have become so aggressive that I think there are moral questions we have to answer about whether we want to encourage or allow that sort of behaviour."

That language was much more nuanced than that in January; the word 'aggressive' has now been added to the lexicon. In addition he added "Some would say: 'Well just keep changing the law to make the aggressive avoidance illegal.' But with respect to many friends in the accountancy profession it is difficult to do that. So there is a legitimate debate to say very aggressive forms of avoidance are not appropriate."

<http://www.guardian.co.uk/politics/2013/feb/18/david-cameron-india-visit-tax>

But what does that mean? First, has Cameron now realised (or been told, as he had clearly not been in January) that the government's proposed General Anti-Abuse Rule goes nowhere near tackling Starbucks, Amazon and Google (as I can assure you as a member of the committee tasked with assisting its implementation is the case). Has he as a result backtracked, adding the word 'aggressive' to his lexicon to limit the range of issues he has addressing?

Has he also limited his ambition? Is he moving from being “damned sure” to imploring changed behaviour by suggestion of mere moral sanction? It’s not clear, but George Osborne has provided a better indication. In his *Observer* article on 17 February he suggested a range of measures he would take to tackle tax avoidance, with an emphasis on abuse in developing countries.

<http://www.guardian.co.uk/commentisfree/2013/feb/16/george-osborne-on-his-tax-reform-agenda>

However, as I have argued, he added nothing new to his range of weaponry when making his claim that he was serious about tackling tax avoidance; indeed every single measure he referred to already exists or is in the course of being enacted.

<http://www.taxresearch.org.uk/Blog/2013/02/16/osborne-commits-to-ending-tax-avoidance-but-i-need-convincing-that-he-means-it/>

And all this should be set against the background of the harm this government has already caused in degrading the corporation tax system domestically and internationally, as well evidenced by the House of Commons International Development Committee in 2012. It is hard to see how any steps Cameron and Osborne can now take will reverse the impact of the measures they have already enacted to overtly assist tax avoiders.

<http://www.publications.parliament.uk/pa/cm201213/cmselect/cmintdev/130/13006.htm#a8>

The simple fact is that the rhetoric Cameron started is little more than that. So far the Coalition has done more to help corporate tax avoiders than any government since corporation tax was introduced in 1965 and nothing now announced will change that. In that case we need to be careful. Cameron and Co. may know much more about what they’re doing than they let on. Indeed, their rhetoric may be as far removed from the reality of what they’re seeking to achieve as the average tax avoidance scheme is from economic reality. If we don’t presume that’s the case they might be playing a good game of double bluff. We mustn’t take the risk of being fooled by the rhetoric.

Note: a version of this is appearing on Left Foot Forward. Apologies for formatting: time is short.