

Cameron's tax policy is either based on ignorance or na...

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I have to wonder how long it will be before David Cameron's tax policy falls apart all around him.

This is the man who [has declared of large companies avoiding tax:](#)

It's simply not fair and not right what some of them are doing by saying, I've got lots of sales here in the UK but I'm going to pay a sort of royalty fee to another company that I own in another country that has some special tax dispensation.

Spot on David. It's not right. And the "it's legal so it's OK" defence does not work: you're also right on that.

The trouble is that over then time you've been in office you've:

- 1) Cut the large company corporation tax rate from 28% to 21%, although without any apparent gain for the UK.
- 2) Introduced a new law that gives companies a 5.25% tax rate on their treasury function profits but only if they will move them out of the UK and to a tax haven;
- 3) Encouraged the new patent box rules that might cost the UK £1 billion in lost tax revenue.
- 4) Changed controlled foreign company rules that mean that 95% of all tax haven subsidiaries of UK companies will now be beyond scrutiny, so encouraging UK companies to shift their profits out of the UK.
- 5) Introduced a territorial tax base for the UK that means all profits earned out of the UK are now beyond the reach of the UK tax authorities - encouraging offshoring and the shifting of assets out of the UK.

To put it another way - all the things Cameron criticises companies for doing are being explicitly encouraged by this government. And the government's new General

Anti-Abuse Rule (and yes, I do sit on the committee reviewing its rules) will not address any of these issues, deliberately.

I could understand Cameron making a big issue on tax if his own government had a great record in tackling tax abuse. But it hasn't. It has a great record in encouraging it.

So there are two questions. Does he think he can simply get away with the bluster on tax avoidance in the hope that he can blame nothing happening on other countries whilst using the hype to give cover to ongoing UK abuse in the meantime? Or is he simply unaware that his two strategies are utterly incompatible, one with the other?

Let's assume he's not completely stupid and dismiss the second option. In that case we're forced to believe that he wants to promote tax competition on the one hand whilst offering empty bluster about tackling it simultaneously, and he somehow thinks he can ride both those horses at once. He can't of course; it's totally naive of him to think he can, but it's also kind of him to provide such an easy target to expose his hypocrisy.