

Nick Clegg really does not understand his government's ...

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Nick Clegg [delivered his speech on tax fairness this morning](#), and I was duly sent a copy by his office. It was a disappointing affair, saying nothing new that i could spot and ignoring either entirely or substantially the issues of concern [I noted this morning](#).

I will not analyse the speech in detail as a result: candidly I fear that would be a waste of time. But I will offer a very clear indication that Nick Clegg really does not know what he is talking about. He said this:

This year we're introducing the UK's first ever General Anti-Abuse Rule. Instead of HMRC doing all the running, we're shifting the burden of proof so that it's up to companies to explain why they're doing whatever it is they're doing, demonstrating it's all above board.

With the greatest of respect to Nick Clegg that is just not true. As [the draft GAAR guidance says](#):

If the GAAR is litigated, it is for HMRC to show before a court or tribunal that tax arrangements are abusive and that the counteraction arising from the arrangements is just and reasonable.

And as it adds:

There is a high threshold for showing that tax arrangements are abusive.

There is therefore no requirement at all for a company to explain what they're doing or for them to demonstrate it's all above board. That responsibility falls on HMRC, and the standard of proof HMRC have to demonstrate is deliberately very high.

Nick Clegg has this completely wrong and it is time he knew he had it wrong. You can't tell people [you're introducing a General Anti-Tax Avoidance Principle Bill](#) as I proposed when you're actually introducing a long way short of that or the politics of this will back-fire badly. He has a duty to get this right, and didn't. And that's worrying.