

HMRC let Goldman Sachs off tax to avoid â€˜major em...

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The following is from UK Uncut, this morning: *In the legal case against HMRC over the ‘sweetheart’ tax deal with Goldman Sachs, details have emerged of a controversial cover up to avoid political embarrassment at the heart of government. It came to light in the High Court that the former tax chief, Dave Hartnett, chose to waive the £20 million that Goldman Sachs owed to HMRC to save his personal reputation, and avoid major political embarrassment for George Osborne and HMRC. The political scandal has been revealed by UK Uncut Legal Action, the anti-cuts campaigners who have brought the case against HMRC. Dave Hartnett personally overruled legal advice, the HMRC’s own guidelines and HMRC’s internal review Board which all stated that HMRC was in a position to force Goldman Sachs to pay back the money owed. Shortly after the oral deal had been made between Dave Hartnett and Goldman Sachs to waive the £20 million that Goldman Sachs owed, the HMRC’s High Risk Corporate Programme Board, an internal oversight board, rejected the deal and recommended that negotiations be re-opened to recoup the money owed. In an email, that has come to light in court, written by Dave Hartnett to other senior tax officials, Hartnett states that when Goldman Sachs were informed of the Board’s decision to reject the deal and force the bank to pay the interest, the bank “went off the deep end”. He also warns of potential major political embarrassment stating: “the risks here are major embarrassment to the Chancellor of the Exchequer, HMRC, the Large Business Service of the HMRC, you and me, not least if GS withdraw from the Code.” In Dave Hartnett’s written witness statement, he states that “Goldman Sachs had been involved in tax avoidance in the past and we regarded their signing of the Code as a valuable step in securing improved tax behaviour from them. This would have been under threat had we reneged on the settlement (they said they would withdraw from the Code if HMRC reopened the settlement).” Dave Hartnett says that this would be a source of major embarrassment for George Osborne because only one week before, the Chancellor had publicly announced that the government was cracking down on tax avoidance by big banks and had successfully forced the top 15 banks, including Goldman Sachs, to sign up to the Code of Practice on taxation designed to reduce tax avoidance. Murray Worthy, Director of UK Uncut Legal Action said: “This case exposes a controversial cover up at the heart of government by HMRC and former tax chief, Dave Hartnett to avoid political embarrassment for George Osborne. “George Osborne announced the Bankers Code*

for tax avoidance with great fanfare, claiming that he was forcing banks to pay their fair share. Yet on the same day, Goldman Sachs were threatening to withdraw from the Code if HMRC forced them to pay the tax they owed. HMRC waived millions of pounds owed by Goldman Sachs against legal advice and HMRC's own guidelines to salvage Dave Hartnett's personal reputation and George Osborne's veneer of tough tax talk." Anna Walker, Campaigns Director at UK Uncut Legal Action said: "This case shows the lengths that the government will go to in order to preserve the public perception that government is getting tough on tax avoidance. HMRC have tried tirelessly to cover up this deal. They have stonewalled the Public Accounts Committee, whitewashed the NAO report, criminalised a whistle blower and have fought this legal case every step of the way. "In the run up to the G8, where David Cameron and George Osborne will pronounce themselves as global leaders in tackling tax avoidance, this case shows what is going on behind closed doors and the headline grabbing announcements — tax avoidance as usual, sweetheart deals to avoid red faces of ministers and giving in to threats from big business." "Every year, £25 billion of tax is avoided in the UK. This is because the government refuses to stand up to big business and banks like Goldman Sachs and chooses to let them off paying their fair share. The government is making a political choice to cut legal aid, privatisate the NHS and slash the welfare state instead of making big business and banks pay for the crisis they caused." UK Uncut Legal Action is seeking a ruling that the deal reached between Goldman Sachs and HMRC was unlawful because it was in direct contradiction of HMRC's own statutory duty to collect tax properly, and its own guidance. Key documents:

- Timeline of the Case
<http://ukuncutlegalaction.org.uk/wp-content/uploads/2013/05/Timeline-of-the-case.pdf>
- UK Uncut Legal Action Skeleton Argument
<http://ukuncutlegalaction.org.uk/wp-content/uploads/2013/05/UK-Uncut-Legal-Action-Skeleton-FINAL.pdf>
- Witness Statement of Dave Hartnett
<http://ukuncutlegalaction.org.uk/wp-content/uploads/2013/05/Hartnett-witness-statement.pdf>
- Dave Hartnett's email warning of 'major embarrassment'
<http://ukuncutlegalaction.org.uk/wp-content/uploads/2013/05/Hartnett-email-07-12-10.pdf>