

# It's time for a moral crusade against tax havens

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It's not me saying that today (although I do, often). It's [the Observer, in its editorial](#).

The comment it makes covers so much ground I may draw on it several times (other commitments permitting). But what is clear is that this paper, at least, has comprehended the issues.

It understands the argument the Tax Justice Network, with a very few others, pioneered that it is tax abuse as much as anything else that causes poverty in Africa. As Kofi Annan has said this week, Africa loses twice as much to tax abuse as it receives in aid.

The Observer realises that for all the bluster it is not clear that this issue will really be tackled by the G7 leaders next month in Northern Ireland (where, unfortunately, I cannot be in attendance despite invitations to be there).

And the paper realises that this is not only a development issue, it is a domestic one too. It rightly castigates Google, making clear that it has made the wrong moral choice, whatever the legal defence for its almost non-payment of tax. And as it says:

*We as a society — and that includes business behemoths such as Google — have responsibilities to deal fairly with communities with whom we trade. The pioneers of benevolent capitalism recognised their obligations to help build a decent society from which they profited.*

Of course it recognises the difference between tax evasion and avoidance. As it says:

*Tax evasion is illegal but tax avoidance, finding legitimate loopholes to avoid paying a fair tithe as a citizen, is rampant. Last year, a Tax Justice Network (TJN) report revealed that the global super-rich have hidden £13tn of wealth offshore.*

It gives praise where it is due:

*Illumination about the true state of the UK's financial affairs has been helped by the work of the public accounts committee, chaired by Margaret Hodge, an invaluable fiscal*

*watchdog.*

And it asks the vital question " what is to be done?" As it saus:

*Globally, changes are under way. From July, for instance, in Singapore, laundering profits earned from tax evasion will be a crime, while Luxembourg ends its bank secrecy policy in 2105. More is required. The international tax system is a century old and needs radical redesign, not repair. TJN proposes a unitary tax system of transnational corporations, "to tax them according to where their genuine economic activity is, rather than where their tax advisers pretend it is".*

I'm grateful for the hat-tip: I think we are on the right track. The very fact that the combined opposition to such a move is so strong at present suggests that to be the case. The same was true of country-by-country reporting not so long ago.

The Observer is also right:

*At home, HMRC requires more, not fewer, resources.*

That's glaringly obvious.

But the sting is in the tail:

*Serious questions too need to be asked of George Osborne's decisions at the last budget that appear to make it even easier for companies to shift their profit into tax haven subsidiaries. Tax havens should end.*

*Political will, co-ordinated international action, more public education and tax systems that work for all might give Africa a fresh beginning. We also need to create a new moral consensus that says those companies and individuals who pocket obscene amounts of wealth without paying their civic dues should be denied our custom and treated instead as the freeloading pariahs they are.*

Unsurprisingly, I agree. The term "freeloading pariah" seems more than appropriate to me.