

If the tax profession is going to make relevant comment...

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One of the many tax publications I read is the newsletter of law firm Pinsent Mason. In the latest edition chartered accountant heather Self, who is a partner there, [says in the editorial](#):

In his 2002 Budget speech, Gordon Brown introduced the substantial shareholdings exemption (SSE), which had the clear policy objective of enabling UK-based trading groups to restructure and reinvest without being hindered by tax charges.

SSE is, of course, not relevant to the Vodafone sale of its Verizon interests, since that is a disposal by a Netherlands company of a US shareholding. However, Vodafone has confirmed that SSE would have applied to a direct disposal by the UK, and it is therefore nonsense to claim that UK tax has been 'avoided' on this deal.

And she adds:

This is so self-evident to any tax specialist that it would not be worth commenting on, were it not for the very different view taken by some media commentators — and, notably, Margaret Hodge.

I am afraid that, as is often the case, Heather has got this completely wrong.

First, this tax specialist did think the issue worth commenting on - [and I estimated the loss at £12 billion](#).

Second, whilst it is undoubtedly true that the law did not require that tax be paid and that therefore Vodafone did nothing wrong as such (although it did have avoidance in mind, very clearly, as the Dutch structure can only have that intent - so comment on that motive was wholly appropriate) it is also equally undoubtedly true that those with an interest in the political economy of tax have a right to howl in protest at such losses and to say - as Margaret Hodge has done - that the law needs to be changed.

Third, let's be quite clear: Heather Self or her firm will, I am sure, have no hesitation in saying Labour is wrong to scrap the cut in corporation tax for big business that Osborne

is planning. That is also engagement in the political economy of tax - and it's time that these advisers admitted it.

In which case, finally, they should drop all their claims of puritanical objectivity when it comes to issues such as avoidance. Major law and accounting firms are about as objective on tax as the average football supporter is when it comes to their club and its local rival. To put it another way they are completely and utterly partisan and all pretence that Margaret Hodge can be dismissed 'because she has got tax wrong' in a way 'no self respecting tax adviser would' should be seen for the self serving sophistry that it really is. It's blatant, albeit non party, political economic positioning.

There's nothing wrong with that. But if the tax profession is to be accepted as credible it has to drop its supposed 'holier than thou' suggestion of 'independent observation' and admit it's engaged in blatant lobbying. When it does people might accept what it says with more open minds. Right now they rightly, and very largely, dismiss it because it self evidently is not telling what most people would consider to be the truth - and rightly so.