

# Osborne exposed: his £5 billion annual giveaway to b...

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Earlier this year [I wrote a blog about George Osborne's tax giveaway to big business](#) suggesting the cost was between £5 and £10 billion a year, depending on the method of calculation used (with all workings provided).

It was good to find the FT has caught up with this today, [with Vanessa Houlder reporting](#):

*The UK government's aggressive cuts to corporation tax are costing more than £5bn a year, requiring funding from elsewhere in the Budget at a time of spending cuts.*

*Businesses will pay nearly £8bn less corporation tax a year by 2016-17 after UK chancellor George Osborne pushes through what he terms "the largest reduction in the burden of corporation tax in our nation's history".*

As she then notes:

*But at a time when painful spending cuts are being inflicted on [Britain's public sector](#), some critics are questioning Mr Osborne's strategy.*

Richard Murphy, a director of Tax Research UK who advises the Trades Union Congress on taxation, says he is unconvinced of the benefits of a strategy that made multinationals like [Fiat](#) and [Pfizer](#) want to move their holding companies — but few jobs or operations — to Britain.

"It is attracting financial relocations but not much underlying investment and employment. The cost of achieving it is very high."

Not everyone agrees, of course. I was particularly amused to note that:

*Chris Sanger, global head of tax policy at EY, the professional services firm, believes it is a mistake to blame the rate cuts for falling revenues.*

They are Chris: [look at my workings](#). I suggest it's not possible to offer another

explanation in the light of what is happening on the small business tax take.

And what is more this issue won't go away. Labour has said it will keep the most competitive tax rate in the G7. That still gives plenty of room to correct Osborne's hand out to his chums.