

## Tackling tax avoidance is vital - but it's time to talk...

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I [note the FT has said this morning that](#):

*The Labour leader set out plans to raise £1.1bn by cutting down on tax avoidance — a figure tax advisers said was “optimistic”.*

Those advisers, are to be blunt, getting desperate if they think that is the case. If they really think the entire OECD BEPS (and related) initiatives cannot deliver the UK £1.1 billion they're seriously misreading the runes.

Let's just look at what is on the way, in no small part because NGOs have put issues on this international agenda:

- Country-by-country reporting for banks, on public record, which is going to increase the pressure on them to improve their reporting and the places where they record their profits
- Country-by-country reporting, to tax authorities alone (regrettably), which will however make it considerably easier for all tax authorities and so HMRC to select targets for transfer pricing investigation
- Automatic information exchange of data on holdings in many tax havens - including those hidden by companies and trusts, which will beat the effectiveness of any whistleblower list to date and the absurd Swiss arrangements
- Beneficial ownership of companies on public record, which will not go nearly far enough but will make tracing some tax debt so much easier
- Action on hybrid mismatches (albeit, not as strong as I would wish)
- And action to come, we think, on permanent establishment rules tackling some very big tax abuse.

And all that will not bring in £1.1 billion a year? Who do they think they are kidding with

such comments? Only the clients they're still trying to sell to from tax havens, I suspect.

No, what is really wrong with this estimate is just how unambitious it is. I am aware, of course, that HMRC say that tax avoidance is, at most £9 billion a year [whereas I think it at least double that](#), but suggesting just tax avoidance will be targeted to pay for the NHS is the mistake. The much bigger issue in terms of value is tax evasion.

According to HMRC tax evasion costs the UK £22 billion and year and I believe it is in excess of £80 billion. Let's ignore the difference for a minute (the HMRC estimate is hopelessly wrong however viewed) and agree on the issue of scale. Tax evasion is a much bigger issue than tax avoidance. In that case why isn't it being tackled? What is the problem in saying tax evaders are cheats? And that they undermine the NHS? And education? And pensions?

And perhaps, most significantly, they underline the competitiveness and effectiveness of small business in the UK because in an ineffectively regulated system - which is what we have - it is the cheats that prosper in the short term. As a result small business is not investing. And it is not creating jobs. And it is not delivering apprenticeships. And so it is not delivering growth, sustainable or otherwise. And as perception of that regulatory failure grows the problem becomes endemic, and so deeply corrosive.

That's the biggest tax issue in the UK economy right now.

And it's time politicians said so instead of living in fear of white van man, and woman. By failing to do so they're cheating us all of tax that is owed. But worse, they're cheating honest businesses of their livelihoods, and I cannot see why they would want to do that.