

## You didn't believe tax abuse was big business? Think ag...

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There are still those who say that tax abuse is not big business. And there are others who deny that it is, all too often, tax that is now driving business decisions despite the fact that it is so obvious that most large companies have not an inkling of commercial or entrepreneurial innovation or drive to share between them.

For those who delude themselves in this way this headline [from the FT this morning](#) should be a rude awakening:

The AbbVie purchase of Shire was always about US tax abuse. And the loophole has, it seems likely, been closed by Barack Obama - who had to over-rule Congress to achieve that goal on behalf of US people.

And the tax part of this deal was obviously so valuable that AbbVie [may be willing to pay \\$1.5 billion](#) to walk away from Shire now that the tax loophole has been closed.

That's by how much tax abuse drives big business. Don't doubt it. Never question it.

And if you wonder why this is the case, then link the issue directly to director's bonuses. These are focussed on short term profits. And what's the easiest way to boost short term after tax profits? Getting a tax break is the easiest way, of course.

It's cheaper to lobby on tax than innovate. The outcome is also more likely to succeed when politicians are so easy to bully into concessions than it is to push sales, let alone invest some of the corporate cash pile into doing something really new and worthwhile.

So the so called idea of adding shareholder value by linking director rewards to profits is actually all about a few people extracting massive value from society through corporate tax breaks that are given at cost to all the rest of us.

The answer? Well, let's start by saying director's get a salary and a bonus of no more than 10% of that - and that it has to be on pre-tax profit. That's simple, straightforward and easy to deliver.

But will it be in any manifesto in 2015? I somehow doubt it. The lobbying would be intense to stop it.