

Ed Miliband on tax avoidance: a response

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I [have posted](#) Ed Miliband's speech on tax avoidance this afternoon in full because it touches on so many issues on which I have campaigned and some which are solely down to me. In the circumstances I think that fair. But it does also need a detailed response.

I am not going to touch much on the detailed policy issues to which he refers: [I have already done that, here](#). The one thing that I should add is that Ed Miliband has said something this afternoon that was not in announcements earlier this week, and that is that he has made a commitment to additional resources for HMRC; that is very welcome indeed and absolutely essential.

What I am going to do is welcome three other things.

The first is the fact that Ed Miliband is saying these things. Five years ago it would have been impossible to imagine any politician addressing issues in this way. It would also have been impossible to imagine tax avoidance being so high on the political agenda, although it had emerged by that time. In that case the very fact that Ed Miliband has been willing to take this issue on is vital. The fact that he has been willing to continue with it despite personal criticism, and will, I hope, continue despite the fact that, inevitably, the right-wing press will be fighting back, including, no doubt, with exposure of tax avoidance behaviour by Labour MPs or donors, is also vital. This issue has to be seen as much more than a case of "who did what, where, and when" and should instead be addressed as an issue that is fundamental to justice, as I and others in civil society have long argued.

In that case, secondly, I welcome Ed Miliband's suggestion that this issue is about equality of treatment for everyone in this country because tax justice is nothing less than a human rights issue. I also welcome the fact that he makes it quite clear that this is also an issue of economic justice: he makes clear free riding is unacceptable. He also very clearly understands that providing preference to some taxpayers and businesses at the expense of others also undermines the chance of honest business in this country being able to compete on a level playing field. As such it is clear that he

understands that having an honest tax authority in the UK is fundamental to the creation of fair, honest, open and effective markets in this country, and that is good news.

And in that case the review that he has announced using the following words is especially welcome:

That's why Ed Balls and I are today announcing an independent, root and branch review of the culture and practice of HMRC when it comes to tax evasion and aggressive tax avoidance.

While this government has had five years of inaction, we will begin from the first days we are in government and it will report within three months.

It will shine a light on parts of our tax system that have been shrouded in secrecy under this government.

But, and I stress this point very strongly, that review has to be seen to be effective. That means it cannot, in any circumstance, be led by somebody who is currently holding a senior position in the private tax sector or big business or any organisation linked to or sponsored by it. It is the undue influence of that private tax sector and big business that has pushed HMRC into its current state where it is out of control. As a consequence whilst it would, of course, be appropriate to consult with the private tax sector, they cannot be seen to have control of this review. It is also vital that those who put this issue onto the agenda (and I will be quite clear, this does include Richard Brooks, John Christensen, some NGOs, and me) must be consulted by any such review if it is to have any chance whatsoever of being considered credible. When it is now very clear that we been right on so many issues, for so long, if our voices are not heard then this review would be bound to fail any public acceptability test.

What is more, the brief for the review cannot be restricted. It would, for example, be absurd to say that the review could only look at the way in which HMRC handled tax evasion or avoidance cases, without looking at the issue of resources, the estimation of the scale of the problem, the range of legislative responses currently available, and the need for better information that may impact upon other government departments, or the private sector. A broad scope is, therefore, essential, and any review must be invited to offer any recommendation it considers appropriate, without restriction.

There is at this moment a golden opportunity to reform the way in which we run our tax authority in the UK, created by its obvious failure to act appropriately, and by the obvious ability of the private sector to exploit HMRC's weaknesses to create advantage on behalf of the few in society. We must take that opportunity for change, and use it well. Anything less than a review that is permitted to suggest a complete overhaul of the structure, governance, management, systems and audit of HMRC will not meet that brief.

That is a tough demand in the 90 days that Ed Miliband has said will be available for this review, but it is deliverable if the review team is competent, kept tight, is provided with adequate administrative resource, and is driven by people who are solution focused and have the necessary experience of tax, governance, management and law to deliver thorough recommendations. I'm sure that such people are available, and a review team of no more than five should be involved in this process, but with a minimum of three being necessary to ensure that balance and a broad perspective is shown to be the basis for the recommendations made.

I look forward to it having a chance to get to work. And to giving evidence.