

# Labour's broadened its tax commitments - which is good ...

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Labour has broadened its stated tax policy tonight. The previous seven commitments have been broadened to ten which are now:

- \* *Abolish the non-dom rules so that wealthy people are not able to use loopholes to avoid paying tax like the rest of us, while introducing a temporary residence rule for those genuinely in the UK for a short period of time, such as university students.*
- \* Re-write the rules which allow private equity managers to get away with paying less tax than ordinary working people even when they have not been investing their own money
- \* Close loopholes used by hedge funds to avoid stamp duty
- \* *Force the UK's Overseas Territories and Crown Dependencies to produce publicly available registries of beneficial ownership*
- \* *Increase penalties for tax avoidance including new penalties for those who are caught by the General Anti-Abuse Rule*
- \* Close loopholes like the Eurobonds loophole which allow some large companies to move profits out of the UK and avoid Corporation Tax
- \* Scrap the "Shares for Rights" scheme, which the OBR has warned could enable avoidance and cost £1bn
- \* *Tackle disguised self-employment by introducing strict deeming criteria*
- \* *Tackle the use of dormant companies to avoid tax by requiring them to report more frequently*
- \* *Make country-by-country reporting information publicly available*

I can't by any means claim involvement with all these commitments: I can in those highlighted in italics, and am pleased to be associated with them.

The result is that Labour's got a £7.5bn target for cutting tax avoidance and evasion, which is more ambitious than that of other parties. As they note tonight:

*Under the last Labour government the tax gap was falling by £1.5bn a year on average between 2005-06 and 2009-10. But under the Tories it has been increasing by an average of £1bn a year.*

*The next Labour government will set a target to not only get back to avoidance and evasion falling at £1.5bn a year, but reverse the increases under the Tories as well.*

*That will mean cutting tax avoidance and evasion by £7.5bn a year — with the ambitious goal of doing so by the middle of the next Parliament.*

I remain of the view that more is possible if resources are allocated - and still hope for that commitment and a commitment to an Office for Tax Responsibility. But these announcements, also made tonight, are welcome steps in the right direction:

*Ed Balls [has said he] will give the Treasury and HMRC warning that on the first day of a Labour government there must be:*

- \* A draft Finance Bill which is an Anti-Tax Avoidance Bill and delivers the legislation needed for the measures set out in Labour's ten point plan to tackle tax avoidance and evasion;*

- \* A report from HMRC on all current measures and processes for tackling tax avoidance and evasion, so that Labour's review of culture and practices at HMRC can make an immediate start.*

*He will also ask the Bank of England to focus on risks from the informal economy, including avoidance, evasion and the tax gap, in delivering its financial stability objective.*

*Labour's immediate review of culture and practices at HMRC will help deliver this reduction of at least £7.5 billion a year in tax avoidance and evasion in the next Parliament — with the ambitious goal of doing so by the middle of the next Parliament. This will reverse increases in the tax gap under the Tories and get it back on a downwards trajectory.*

*Both the Chancellor and Chief Executive of HMRC will also have to present an annual report to Parliament, and give evidence to the Treasury Select Committee, on the government's progress in tackling tax avoidance and evasion.*

This focus on the tax gap is, of course, what I want the Office for Tax Responsibility to deliver and I believe that such a body would help Parliament hold HMRC to account, but the sentiments Labour are expressing are clearly consistent with my views on tackling the tax gap, all of which is good news. And I will be looking for delivery.

