

Why does HMRC need a boss who thinks tax is legalised e...

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Ed Troup is the new boss of HMRC, it has been announced. I [wrote this of him in 2013](#):

What worries me is when those [like Mr Troup] who are imported into HMRC's management appear to have an ethos that does not accord with that which would be expected from HMRC management. There is some evidence to suggest that's the case with Edward Troup. This [comes from an article he wrote for the FT in 1999](#):

Tax law does not codify some Platonic set of tax-raising principles. Taxation is legalised extortion and is valid only to the extent of the law. Tax avoidance is not paying less tax than you 'should'. Tax avoidance is paying less tax than Parliament would have wanted. Avoidance is where Parliament got it wrong, or didn't foresee all possible combinations of circumstance. The problem of tax avoidance is reduced to the problem of finding an answer to the question of what parliament intended and making sure that this is complied with. I would not pretend this is a simple task. But recognising this as the issue and dealing with it equitably and constitutionally would be a significant step on the way to tackling avoidance effectively.

So does this come from the same article:

The pitfall that recent governments have fallen into is to challenge the tax planners on their home turf. Successively more complex sets of rules have been created, which in turn provide opportunities for exploitation. A simpler tax system, with fewer reliefs, exemptions and discontinuities would, in the long term, frustrate most of the tax avoiders' ploys .

And this, when referring explicitly to a potential general anti-avoidance principle:

Merely saying that steps taken for tax avoidance motives can be ignored or rewritten takes the analysis no further. It is merely a pious statement that that parliamentary intention should not be frustrated. But such a general anti-avoidance provision would not be ineffective. It would, of necessity, have to give the revenue authorities the

discretion to invoke, or not to invoke, its operation. The taxpayer would be laid at the mercy of the bureaucrat.

And these do not appear to be views he has distanced himself from. They were quoted in a 2013 briefing to parliament on a general anti-avoidance rule without steps being taken to say he had changed his mind in the meantime.

So let's reflect on that for a moment. Here we have the head of tax policy arguing like the Institute for Economic Affairs against the complexity in legislation needed to beat tax abuse and to collect tax from modern commercial transactions.

And here we have a head of tax policy arguing HMRC should not have the power to invoke the use of anti-avoidance legislation to support the will of parliament and who thinks 'bureaucrats' cannot make such decisions, undermining the whole logic of having a tax authority in the first place.

And a person responsible for tax settlements who sees and argues for the commercial logic and benefit to tax avoidance.

Perhaps the PAC would like to question Mr Troup on these views today and ask the question whether such attitudes are consistent with the position he now holds or undermine it. I know where I stand.

I [also wrote this after he was questioned by the Public Accounts Committee concerning the article in question](#), because members of that Committee had read my blog:

Ed Troup was questioned on this at the Public Accounts Committee hearing in the afternoon. As [the Independent have reported it](#):

Perhaps the most radioactive moment in Monday's often acerbic and — thanks to The Independent's campaign against tax scams — rich confrontation came when Margaret Hodge asked Edward Troup, Her Majesty's tax assurance commissioner, if he had once written that "taxation is legalised extortion".

Well, said Mr Troup, with polite defensiveness, he was gratified that people had read old articles of his in the Financial Times, in which those words had "appeared." (Ms Hodge, who is sometimes reminded of her own history as the firebrand leader of the leftist Islington Council, interjected: "You can never get away from your past, I can tell you.")

It was — of course — all a matter of "context". The article had argued that tax was not a matter for "discretion of the tax authorities" but had to be "left to the rule of law".

Poachers turned gamekeepers are an old story, and at the time Mr Troup was back working at the top firm which had originally employed him as a tax lawyer. But was he just a little too sympathetic with the poachers he was supposed to be catching? Ms

Hodge mused: "I would never dream of using those four words together." Before going on to ask Mr Troup whether "given those views, are you really the best person to lead the fight, the people's fight against tax avoidance?"

Now we've all written things we have since regretted (me included) and Margaret Hodge was right to allow for that. But I continue to think the question is valid. Ed Troup showed no sign of regret for what he wrote and did instead defend it. That was his mistake. He only had to say "I've changed my mind" or "I got that wrong" and the matter would have been laid to rest for good. He didn't.

And that is why I am not convinced he is the man for the job.

That, and the fact he signed off the Google deal.