Cutting corporation tax makes no sense unless you want ...

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George Osborne has said he wants to cut corporation tax to 15% post Brexit.

Politically this is interesting. He has not given a timescale: planned cuts to 17% are already deferred. A cut way in the future will have little impact. Without any indication as to when this will happen it is virtually meaningless.

It is also something of a hollow gesture when the chance that Osborne will be Chancellor is September looks to be very remote indeed.

He could, of course, amend the current Finance Bill. If he did so that would, however, look like a poisoned chalice for his successor. Do the Tories really want that from a lame duck Chancellor whose policies are being abandoned, rapidly?

The chance that this will actually happen under his guidance does then look to be remote. It looks like a last desperate gesture.

It is also desperate for tax reasons.

Reducing the corporation tax rate does, of course, massively increase the return to tax avoidance when even the basic rate of income tax is 20% and one can be a substitute for the other in our tax system.

Worse though, it may not work to attract business. With country-by-country reporting in place any company that artificially relocates profits to the UK to exploit this new tax rate can easily be identified by its home tax jurisdiction, and therefore be subject to challenge. Most tax cuts in the past have not been subject to such challenge: now that they are George Osborne shows that he does not understand the risk to companies now of being seen to go near low tax jurisdictions in any way that looks artificial. The risk to them will be real.

It is for this reason that a partner at Slaughter and May said at the FT Festival of Finance last week that she could see no advantage to a corporation tax rate cut now: as she put it, it will have no impact on corporate decision-making because other factors are, by then, much more significant.

And as Vanessa Houlder, the FT tax correspondent pointed out at the same event, the claim that this shows that 'the UK is open to business' is just as hollow: the evidence that previous cuts have induced any significant new inward investment to the UK is very slim indeed.

In that case this announcement has to be seen in three ways. First it is Chancellor who knows that his power is waning trying to influence future events, probably in vain.

Second it shows how bankrupt Tory thinking on tax is.

Unless, thirdly, the purpose of this cut is to increase opportunity for tax avoidance and to increase inequality at the same time, as those who can exploit this to avoid tax will be, by definition, those in the wealthier part of the population.