At last the government is taking action to stop account...

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It is rare that I unambiguously welcome a government press release, but presuming that this one means what it says, I do:

Accountants, tax planners and advisers who provide advice on how to avoid tax will face tough penalties under new proposals being consulted on by the government, Financial Secretary to the Treasury Jane Ellison announced today.

Under the plans set out in a HMRC consultation document issued today, enablers of tax avoidance could have to pay a fine of up to 100 per cent of the tax the scheme's user underpaid.

Currently tax avoiders face significant financial costs when HMRC defeats them in court. However, those who advised on, or facilitated, the avoidance bear little risk. The Government is acting to make sure that tax avoidance is rooted out at source and this action will target all those in the supply chain of tax avoidance arrangements.

The Financial Secretary to the Treasury, Jane Ellison said:

"People who peddle tax avoidance schemes deny the country of vital tax revenue and this government is determined to make sure they pay.

"The vast majority of their schemes don't work and can land their users in court facing large tax bills and other costs.

"These tough new sanctions will make would-be enablers think twice and in turn reduce the number of schemes on the market."

The consultation document also clarifies the rules around whether proven tax avoiders have taken reasonable care to ensure their tax returns do not contain inaccuracies, making it simpler to enforce penalties when avoidance schemes are defeated.

This is the latest of a number of government measures designed to tackle illicit finance and tax dodging. These include a new criminal offence for corporations that fail to *prevent the facilitation of tax evasion, and new sanctions against those who engage in multiple avoidance schemes which are defeated by HMRC.*

I, and other tax justice campaigners have argued for years that tackling the supply side of tax abuse is key to beating it. After all, few tax avoiders (outside some major banks, that is) have ever dreamt up the schemes that they use. They do instead buy them from accountants and layers who have specialised in the creation of such arrangements. Prof Prem Sikka has called those so called professionals the Punstripe Mafia, so pernicious has their trade been.

The new measure is a blunt instrument but I very warmly welcome it, even though I suspect it will be used very rarely. There is good reason for that. Such are the scale of penalties an accountant or lawyer might face from being involved in the supply of tax avoidance schemes that very few will take the risk of doing so. And I stress, it looks like the risk will not just apply to the creators of the scheme but to those accountants and lawyers who might introduce clients to those creators, which is especially important for three reasons.

First it spreads the scope of the potential penalties.

Second it means that even if all the scheme creators move offshore it is likely that there will still be UK professionals who could be penalised.

Third, and most important though, this means that the professional indemnity insurance premiums of those engaged in tax avoidance will sky-rocket even if no penalty is ever charged. The consequence will be that accountants and lawyers will simply not be able to afford to undertake this activity, whether they are ever caught doing it or not. And that will mean that the tax avoidance market is likely to die because UK lawyers and accountants are required to hold professional indemnity insurance as a condition of advising the public.

I am under no illusion: the definition of tax avoidance that this legislation will use may well be narrow and that may appear to restrict its scope. But it's the knock knock effect in the professional indemnity insurance market that will really kill the sale of tax abuse. And I suspect every honest accountant and lawyer in the country will be cheering about that.