

## The case for corporation tax - my contribution to today...

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*I will be saying something like this at the [Fair Tax Mark conference](#) this morning. I have been asked to talk about the case for corporation tax.*

- \* I make no apology for arguing for tax
- \* I wrote a whole book - The Joy of Tax - on why I think tax is a great thing
- \* To be clear: I think tax is the single most powerful instrument that a government has available to it to shape the society that we live in.
  
- \* So let's also be clear: I make no apology in saying I believe in business and what it can do for us all
- \* You'd hardly expect a chartered accountant to say anything else, would you?
  
- \* The point I want to make though is that these beliefs are wholly reconcilable
- \* Fifteen years ago when the tax justice movement in the UK was pretty much John Christensen, Prem Sikka and me it would have been hard to imagine an event like this
- \* And it would have been hard to imagine that we would have the accounting profession on the rope over its auditing failures
- \* Or that country-by-country reporting would be a worldwide standard for tax - even if only to tax authorities as yet
- \* And that we can now envisage the day when tax haven secrecy might be a thing of the past
  
- \* And it would have been hard to imagine that tax payment is the biggest issue of concern to people with concern about business ethics
- \* But then it would also have been hard to imagine that business would be in such a mess

- \* Or that the accounting profession would be as well
- \* Carillion, BHS and so many other business failures speak of a business world that has lost its way, and not just commercially. In too many cases it has lost its sense of purpose.
- \* I would also argue that accountancy - which has lost all sense of its duty to report, all conscience when it comes to audit and all morals when it comes to tax abuse - is facing a similar existential crisis.
- \* The question the whole business community and the whole tax and accountancy profession now needs to ask is a simple one.
- \* It is 'What are we for?'
  
- \* My answer is straightforward: it is to play a part in our communities.
- \* But this requires that business recognise that there is a community
- \* And that communities are not just made up of shareholders
- \* They are made up of stakeholders
- \* Customers
- \* Suppliers
- \* Employees
- \* Communities who host the activities of companies
- \* Government
- \* And its regulators
- \* Including tax authorities
  
- \* And last amongst stakeholders in some ways - because in very many cases they are the stakeholder with the lowest loyalty rating — are the suppliers of capital to the company who can come and go as they please and - unlike almost all other stakeholders - at a moment's notice when it comes to any particular company
  
- \* Business has to meet the needs of all these people
- \* That's by being good at what it does
- \* And by being a good customer
- \* And a good employer

- \* But let's move a little further than these obvious statements
- \* Business has to play its part
- \* And before it can do that it has to recognise what it gets from society at large
  
- \* Limited liability lets modern business happen
- \* But as we have seen in the last decade it can also impose a massive cost on society
  
- \* And no business is a unique creation - even when closely identified with one individual as some are
- \* They're always teams, on whose shoulders a few stand
- \* And that team was trained
- \* And got to work
- \* And was maintained in good health
- \* And at least in part was insured against the risk of losing their job
- \* By state funded activity
  
- \* More than that
- \* Very often the products companies sell were originally created using state money
- \* And the infrastructure on which they are dependent is wholly state created
  
- \* Don't get me wrong
- \* I am not saying that flair
- \* Entrepreneurial spirit
- \* Risk finance
- \* And luck don't play a part in business success
- \* They all do
  
- \* But let's also be clear
- \* Important as they are those who provide them are also just team players
  
- \* Corporation tax does, I suggest, recognises that
- \* It says societies need to tax. As some know I think, that's not to pay for government services, because taxes don't as such do that.

- \* But taxes are the essential tool that makes the payment for government services possible without hyper-inflation resulting
- \* They are then a tool of macroeconomic engineering
- \* And they are simultaneously a tool of societal engineering
- \* And if you don't think you like the idea of societal engineering then you're ignoring the reality that it's happening all around you, all the time. We just have to choose who we want to do it most accountably
- \* And for me, and I suspect most of us when the chips are down, that's a government that we can elect, and reject
  
- \* But this means that companies have to pay taxes
- \* Because they have to be seen to play their part in that society
  
- \* But more than that they have to make their own contribution for the opportunities that they have been given - which are extraordinary
- \* And it's this fact that demands that corporation taxes must be fair
- \* Fair for business
- \* Fair between businesses as a level playing field for all is essential
- \* Fair to other stakeholders
- \* And fair to communities - here and around the world
  
- \* Fair does not mean excessive
- \* Or burdensome
  
- \* It means appropriate
- \* And I suggest that this appropriateness has to be demonstrated
- \* Why? Because we let companies have limited liability
- \* That is the right to not pay their debts if they go bust
  
- \* And that privilege - that abuse of other people's human rights if we describe it as it really is - has to be accounted for
- \* And open, honest, and plain accounting for tax paid by all companies is, I think, the price for that privilege that we as a community grant

- \* That is what motivated me to start the Fair Tax Mark. Like the parent of a teenager (and I am the parent of two teenagers) I look at it now and think it's probably going to do alright.
- \* I am proud of that
- \* But more than that. I am proud that we all are standing up for fair tax - which says we are proud to host business in our communities - and proud to honour those who account for the way they play their part in them.
- \* Long may it continue.