

There is no room for the purveyors of tax avoidance in ...

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I was meant to start yesterday on the Today programme, discussing whether or not HMRC should have an input into the honours system on a traffic light basis to indicate whether or not a supposed recipient's tax affairs had green, amber or red reputational risk. And then they got Vince Cable instead. Which meant I had a little more time in bed before a long day dedicated to other issues. But I'll explain here what I had outlined I'd say, which was more complex than Vince's message.

He said HMRC was right to do this. And I agree, they are right to assist. But I made additional points.

The first was that we don't give most awards for paying tax. We give them for sporting, artistic and charitable achievements. Personally, I have little interest in the system as it smacks of old-fashioned patronage, let alone Empire, but we have it. And let's recognise that in these sectors it may have some use (but the awards need to be renamed, and have done for a very long time).

Second, awards come in two sorts. One is just the gong. The other has influence. Most awards are just of the first type. Sir Rod Stewart did not get influence over the UK government for 45 years of singing Maggie May. The title is an honour, and no more. The vast majority of awards are.

For these people I suggest the criteria should be very different to that which should be used to those who might have influence recognised or enhanced by an award. These are those who have power in industry. Or those who secure power in government as a result of the rewards, whether as senior civil servants, or as appointees to public bodies (many of whom get awards for doing so, which suggests prior vetting before the appointment using the same traffic light system would be wise). And then there are those who can legislate as members of the House of Lords as a result of appointment.

I think the criteria should be different. In the former category of simple awards for excellence evidence of tax fraud, or use of offshore as a part of their arrangements, over either of which they would clearly have been required to make a personal choice

over which they could not claim to have lacked awareness, should preclude an honour.

But for this group - many of whom will have little knowledge of finance or even in some cases their own financial affairs, which may well be run by an agent for them - participation in a packaged tax avoidance scheme that was sold to them and which they were advised to take, quite probably with little understanding of the risks, seems to me to be a wholly inappropriate basis for excluding a person from an honour. They may have chosen their advisers unwisely in this case - but vast numbers of advisers were engaged in such sales and I think it simply wrong to penalise a person who acted on professional advice. You might as well penalise the victims of pension mis-selling for having been daft enough to put their money into Equitable Life, which was once so many pension professional's favourite company. The fact is that this group engaged others to do their due diligence for them, and were failed by those who did that due diligence. I am not sure they should suffer a second time as a result. For this group then only a red warning - for fraud or tax haven abuse - should be a block.

But that brings me to the second group - which is those who should know better. No one getting a reward for business activity can claim they cannot do their own due diligence. Or that they are not responsible for the tax affairs of their companies. Or its offshore subsidiaries. Or the pre-packaged tax avoidance that they buy.

And no one who goes to the Lords can have any excuse for undermining the state of which they are to be a part.

These people have to be held accountable for what they do. An amber award does, in that case, mean a block in my opinion. And that should include those appointed to regulatory positions and high civil service appointments as well as advisory committees.

But does this mean anyone should be blocked automatically even if their own affairs get a green? My answer to that is that those who have been associated with selling tax avoidance should be blocked, altogether. This was the key message that I wanted to get across on the Today programme. It is not the users of tax avoidance who were in most cases the people at fault. Most were ill-advised, although I accept some were gullible and maybe greedy. But they could not have been so without the aid of those who created the schemes. And it is those schemes creators and vendors - the tax avoidance dealers - who should be barred now.

Who are they? The partners, past and present, of most large firms of lawyers and accountants, in the main. And a partner in any professional firm engaged in a tax haven where it cannot be shown that the vast majority of their practice is to serve a local community's needs should also meet this criterion. These are the people who really should be sanctioned now, and barred from holding office, including (most especially) on the Board of HMRC. There is no room for the purveyors of tax abuse in UK public life. And they are the people who really need to be sanctioned for their activities.