

Progress on the abuse of limited companies for tax evasion...

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I admit I like to celebrate victories for the tax justice movement. I think that they are important. We have another new one, which would have been easy to miss. Last week's the government published this:

What the paper says is

Who is likely to be affected

Those who artificially and unfairly seek to sidestep their tax liabilities, arising from avoidance, evasion or 'phoenixism', through the misuse of insolvency of companies.

General description of the measure

This measure tackles the small minority of taxpayers who artificially and unfairly seek to reduce their tax bill through the misuse of insolvency of companies.

This will be achieved by making directors and other persons connected to those companies jointly and severally liable for the avoidance, evasion or 'phoenixism' debts of the corporate entity.

Policy objective

The changes to this legislation ensure fairness across the tax system by deterring the use of tax avoidance and evasion through influencing the behaviour of those taxpayers who see insolvency as a way of avoiding their tax liability.

Those taxpayers:

- * try to exploit the insolvency procedures to avoid or evade taxes and/or payment of taxes and duties
- * attempt to protect or hide the gains of tax avoidance or tax evasion

- * repeatedly accumulate tax debts without payment by running them through a succession of corporate vehicles which are made insolvent - also known as 'phoenixism'
- * try to sidestep penalties for facilitating avoidance and evasion by going insolvent

There are, of course, provisions attached. Some are quite generous in the taxpayer's favour. But let's be clear that I welcome this, and think it should go further. I have been arguing for such a measure **since 2011** and **argued for a robust approach to this issue in a [Bill I wrote for the late Michael Meacher MP in 2014](#)**. **It's taken a long time to come, and it's still not tough enough on those using companies to evade tax, but it's progress. And I welcome that.**