

Labour needs to sharpen its tax focus

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It's not my job to criticise those seeking to tackle tax avoidance, and I won't. But I can say when they need to improve their targeting. And I fear that is true of John McDonnell's plans as announce to the [Sunday Times](#) today.

The plan seems to be to do two things. One is to challenge the legal privilege that exists between a lawyer and their client regarding tax planning. Unfortunately it is implied that this also applies to accountants, and it does not. That somewhat undermines the suggestion.

Second it says HM Revenue & Customs need an advisory board to monitor its tax agreements with large taxpayers. I think this an issue, but hardly the big one of the day. And anyway, what is required is a whole new HMRC board, not dominated by the Big 4 and those who think HMRC is a department that must minimise cost whatever the consequence for tax collection or taxpayer relationships. To suggest an advisory board does in that case, I think, miss the big issue.

The does so much more significantly when it comes to what is not said. The report does not refer to Labour saying that domestic tax evasion is a bigger issue than international, or domestic, tax avoidance. But it is: evasion outstrips avoidance by a ratio of 5 to 1, in my opinion.

The lack of resources at HMRC is not mentioned.

Nor is its overall lack of accountability.

The failure of Companies House to enforce UK company law, and to as a result provide any evader with the perfect mechanism for abuse is also overlooked, at least in the report.

And the fact that until there are tax rate reforms to remove the incentive for abuse then avoidance will continue is again not mentioned. Allowances and reliefs should be in the firing line for the same reason.

The UK tax system is a very long way from perfect. It is a cheat's paradise in fact. But legal privilege and deals with tax payers are not the major ways to address the issues that we face. It's disappointing that Labour is not on the ball with what's really required now, I would suggest.