Funding the Future

Why has Rachel Reeves appointed as her tax adviser a pe...

Published: January 13, 2026, 5:54 am

Rachel Reeves has appointed Sir Edward Troup to be one of her four new tax advisers. He might be a former boss of HM Revenue & Customs, but he is a very odd choice.

First, as his Wikipedia page makes clear, he was a special adviser to Ken Clarke when he was Chancellor from 1995 to 1997. So he was, I think we can safely assume, a Tory set on opposing Labour at the time. I know people do change their spots, but I don't think this is a good start.

Then there is the problem of an article he wrote in 1999 for the FT in which he said:

Tax law does not codify some Platonic set of tax-raising principles. Taxation is legalised extortion and is valid only to the extent of the law.

I know of no one in tax justice or outside the Tufton Street think tanks who would share this view. The power to tax is part of what defines the state. Its power to use tax to organise society is one of the bedrock of left-of-centre thinking. Troup clearly did not share those views on the state or society. It is an exceptionally odd view for someone advising a Labour Shadow Chancellor to have held.

He added:

Tax avoidance is not paying less tax than you ‘should'. Tax avoidance is paying less tax than Parliament would have wanted. Avoidance is where Parliament got it wrong, or didn't foresee all possible combinations of circumstance.

The problem of tax avoidance is reduced to the problem of finding an answer to the question of what parliament intended and making sure that this is complied with. I would not pretend this is a simple task. But recognising this as the issue and dealing with it equitably and constitutionally would be a significant step on the way to tackling avoidance effectively.

Again, I would suggest that no reasonable person thinks now, or thought in 1999 that tax avoidance was the fault of Parliament. Tax avoidance is undertaken by those who wilfully seek to undermine the intent of parliament, aided and abetted by tax advisers (which Troup then was) willing to help them do so, in exchange for a fee.

I was not the only person with this concern back then. I raised my concerns in 2013 in anticipation of a Public Accounts Committee hearing in parliament. As a result, Margaret Hodge, who had read my post that morning (I sent it to her, together with another one), questioned Troup on these suggestions he had made. The record is still available. This exchange took place:

Q399 **Chair:** Well, the OECD does think that. Is it true that you said at some time that "Taxation is legalised extortion"?

Edward Troup: I am very glad that Mr Murphy and others go back and read the articles I wrote in the ***FT*** in the 1990s.

Q400 ***Chair:*** Did you say that?

Edward Troup: I wrote a whole series of articles.

Q401 ***Chair:*** People go back the whole time to stuff I did in the 1990s and 1980s, I can tell you. You never get away from your past.

Edward Troup: The article was making the point-indeed, it is relevant to a lot of what we discussed today about tax being a matter of law-

Q402 ***Chair:*** Did you say "Taxation is legalised extortion"?

Edward Troup: In the context of that article, which you read, I was making the point that it should not be left to the discretion of tax administrators to decide how much was due; it had to be left to the rule of law, and that is quite an important principle.

Q403 ***Chair:*** Did you say "Taxation is legalised extortion"?

Edward Troup: In the context of that article, those words appeared. If you read on-

Chair: You said it-thank you.

Edward Troup: Would you like me to read it?

Chair: No. I was interested; I would never dream of putting those four words together.

Hodge is now a colleague of Troup's on Reeves' new panel.

This, though, was not the only time Troup was called to account before parliament when he expressed contentious views. In 2004, he said when questioned by the Treasury Select Committee that:

I would not like to support anything which is perceived as tax avoidance, but you have got to remember that this is money left in the economy and this is not necessarily a bad thing for the economy. It may give a bit of an imbalance of incidence of tax between certain groups of people, but all we are actually saying is that some small, self-employed owned and managed businesses are actually paying less tax than the Government might have intended, which is not necessarily a bad thing, except to the extent that it creates inequity between equivalent classes of individuals.

In other words, he was indifferent to tax abuse by small businesses, did not care about inequality, the impact of tax abuse on honest smaller businesses, or the undermining of the rule of law that this activity represented.

So, the question is, if he thinks the tax is extortion and is apparently indifferent to the abuse of tax law, why is he a suitable person to advise Rachel Reeves? Could it be that, as ***quoted in a Guardian article in 2016:***

"If you think the world needs to be changed you don't appoint Edward Troup to that job," said Jolyon Maugham QC, an expert in taxation law.

I agree with Jolyon.

In that same article, Margaret Hodge said, referring to the matters I note above:

The fact that he had written that draws into question whether or not he should be in charge of our tax system.

Hodge's question still remains relevant, not least with regard to his appointment to advise Rachel Reeves. Troup looks like a most unwise choice by Reeves.