

# Manifesto for tax justice

## Summary

The UK is facing the largest round of cuts in government spending ever proposed by a Whitehall administration.

At the same time the UK faces:

1. The biggest ever tax gap in its history<sup>i</sup>.
2. The lowest number of staff ever employed by HM Revenue & Customs<sup>ii</sup>.
3. The lowest headline and effective rates of corporation tax in its history<sup>iii</sup>.
4. Low levels of tax for its banks<sup>iv</sup>.
5. High levels of corporate tax avoidance<sup>v</sup>.
6. Significant errors in tax administration<sup>vi</sup>.

There are numerous indications that large sections of the UK population find it unacceptable and want action to be taken to address these issues.

This Briefing sets out a manifesto the tax justice - a demand for changes that would transform the way in British taxation policy and management that could help us tackle the deficit in ways that, so far, most politicians have refused to embrace.

## Cuts and the Tax Gap

We note

1. The on-going cuts planned by the Coalition government<sup>vii</sup>.
2. That there is a tax gap in the UK made up of £70 billion of tax evasion, £25 billion of tax avoidance and £25 billion of unpaid tax<sup>viii</sup>.
3. That the government has got rid of 35,000 employees at H M Revenue & Customs and is planning to get rid of 10,000 more over the next three years<sup>ix</sup>.
4. The massive errors in the calculation of people's tax bills by H M Revenue & Customs<sup>x</sup>.

We demand:

- That the government stop the cuts.
- That all job cuts at H M Revenue & Customs be cancelled.
- That 20,000 new staff be recruited at H M Revenue & Customs to tackle the tax gap.
- That H M Revenue & Customs be told to raise the right amount of tax at the right time from the right person and that it be given the resources necessary to ensure it can do so.
- That we have a General Anti-avoidance Provision that bans tax avoidance<sup>xi</sup>.
- The tax system is made progressive so that the rich always pay more than the poor<sup>xii</sup>.

## Business tax and the banks

We note

1. That big business is not paying the tax expected of it<sup>xiii</sup>.
2. That big business is the only part of the economy expecting a tax cut over the next four years<sup>xiv</sup>.

3. That by 2014 big business will be paying tax at lower rates than any small business and any individual in the UK<sup>xv</sup>.
4. That the banks who created the current financial crisis are paying very little tax as a result of it<sup>xvi</sup>.
5. That the government is opposing a Robin Hood Tax on the riskiest transactions banks undertake that could raise billions of pounds a year<sup>xvii</sup>.

We demand:

- That tax laws applicable to big business be rigorously imposed.
- That planned tax cuts for big business be cancelled.
- That banks be denied tax relief on losses already funded by the state.
- That the bankers' bonus tax be made permanent.
- That the government introduce a Robin Hood Tax instead of the bank levy.
- That country-by-country reporting be required of big business so anyone can monitor where they make their profits and pay their taxes<sup>xviii</sup>.

### Tax havens

We note:

1. That the UK is responsible for ten tax havens<sup>xix</sup>.
2. The UK is itself a tax haven for rich foreigners because of its domicile rule<sup>xx</sup>.
3. There has been almost no progress in increasing transparency in tax havens<sup>xxi</sup>.
4. Latest deals with tax havens like Switzerland confirm their right to provide banking secrecy<sup>xxii</sup>.
5. Tax havens are estimated to cost the UK £18.5 billion a year<sup>xxiii</sup>.

We demand:

- That the UK force its tax havens to reform
- That the UK domicile rule be abolished
- That automatic exchange of information between states on income earned by people and companies be established so that no one can hide their income from tax authorities
- That deals that preserve banking secrecy with Switzerland and other states be scrapped before they are signed
- That the secrecy surrounding offshore companies and trusts be banned.

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## Endnotes

- <sup>i</sup> <http://www.taxresearch.org.uk/Documents/PCSTaxGap.pdf>
- <sup>ii</sup> <http://www.taxresearch.org.uk/Documents/PCSTaxGap.pdf>
- <sup>iii</sup> <http://www.tuc.org.uk/extras/corporatetaxgap.pdf>
- <sup>iv</sup> <http://www.tuc.org.uk/extras/corporatetaxgap.pdf>
- <sup>v</sup> <http://www.tuc.org.uk/touchstone/Missingbillions/1missingbillions.pdf>
- <sup>vi</sup> <http://www.telegraph.co.uk/finance/personalfinance/consumertips/tax/7981144/PAYE-tax-errors-force-1.5-million-people-to-repay-1400.html>
- <sup>vii</sup> [http://www.hm-treasury.gov.uk/spend\\_index.htm](http://www.hm-treasury.gov.uk/spend_index.htm)
- <sup>viii</sup> <http://www.taxresearch.org.uk/Documents/PCSTaxGap.pdf>
- <sup>ix</sup> <http://www.taxresearch.org.uk/Documents/PCSTaxGap.pdf>
- <sup>x</sup> <http://www.bbc.co.uk/news/uk-11186397>
- <sup>xi</sup> <http://taxjustice.blogspot.com/2009/05/general-anti-avoidance-principle-to-be.html>
- <sup>xii</sup> <http://www.compassonline.org.uk/news/item.asp?n=6164>
- <sup>xiii</sup> <http://www.taxresearch.org.uk/Blog/2010/10/27/vodafone-and-tax-protests/>
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- <sup>xix</sup> <http://www.nao.org.uk/idoc.ashx?docId=2fc5f639-d1b2-4f00-b257-973ba142fd7a&version=-1>
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- <sup>xxi</sup> [http://www.taxjustice.net/cms/upload/pdf/Tax\\_Information\\_Exchange\\_Arrangements.pdf](http://www.taxjustice.net/cms/upload/pdf/Tax_Information_Exchange_Arrangements.pdf)
- <sup>xxii</sup> <http://www.taxresearch.org.uk/Blog/2010/10/27/the-uk-caving-in-to-swiss-corruption/>
- <sup>xxiii</sup> <http://www.taxresearch.org.uk/Documents/TaxHavenCostTRLLP.pdf>