

# Publish and be damned

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The super-rich are fleecing us by avoiding taxes, and it should be a matter of public record

**B**ehind every great fortune there are two crimes: the crime required to obtain it, and the crime required to maintain it. Well, that isn't quite true. There may be no moral difference between evading tax and avoiding it, but there is a legal one. If a rich man is well advised, he can lawfully keep every penny to himself.

Until this has been sorted out, there is precious little point in proposing, as both the Liberal Democrats and a group of rebel Labour MPs did last week, that income tax be increased to 50% for people earning more than £100,000 a year. It is just, it is necessary, but it simply raises the incentive for the very rich to find new means of staying that way.

Tax avoidance in the United Kingdom deprives the exchequer of between £25bn and £85bn a year, according to the Tax Justice Network. It's hard to get your head round these figures, until you see that the low figure more or less equates to the projected public-sector deficit for this financial year. The high figure represents 74% of the income tax the exchequer receives. It is more than we spend on the national health service. The super-rich are fleecing us.

Gordon Brown keeps promising to deal with them, and keeps ensuring that he does no such thing. In his budget speech this year, he made bold claims about closing existing loopholes, before rejecting the only measure which could guarantee that new ones don't open up a "general anti-avoidance rule". This rule would have made all tax-avoidance measures illegal, whether they were devised before or after it was

introduced.

A few minutes after his brave assault on tax cheats, Brown announced “an overall reduction of 40,500 staff” at the Inland Revenue and Customs and Excise. No one made the connection. Two years ago, Nick Davies completed an exhaustive investigation of the Revenue for the Guardian. He discovered that the government’s efforts to catch tax avoiders had already “collapsed in a heap of mismanagement and staff cuts”. “All the specialist offices are struggling with too few experienced staff” as a result of massive cuts during the 1990s.

In his speech in Brighton yesterday, Brown mentioned tax policy just once, when he scoffed at one of the means - European tax harmonisation - that would have made it harder for the rich to shift their money overseas.

The problem is that there is almost no public pressure for a real war on tax avoidance. Last week, the Tax Justice Network opened an office in London to try to focus attention on the issue. But it’s not likely to feature much in the corporate press. Patience Wheatcroft, the business editor of the Times, attacks the Treasury for regarding tax avoidance as “tantamount to extreme wickedness”. Coincidentally, her employer, Rupert Murdoch, is the most successful tax avoider of all. When the Daily Telegraph was owned by Lord Black, it argued that people had “a legal and moral right to work out how to pay as little tax as possible, a right which it is in the interest of all citizens to uphold”. It’s not very likely to change its position: its new owners, the Barclay brothers, live in tax exile. The tabloids slaughter the welfare cheats, and spare the tax cheats.

Understaffed, underfunded, detested, the Inland Revenue has found that the easiest way of dealing with its crisis is to appease the avoiders. In 2002, Davies reported that it was covering for the corporations and the super-rich by refusing to release its figures on enforcement.

My own, more limited, experience suggests that nothing has changed. I sent the Inland Revenue a list of questions last week. Is it true, I asked, that (as the Liberal Democrats have claimed) “the poorest fifth of the population pay a higher percentage of their income in tax than the richest fifth”? Has the contribution from the richest fifth been rising or declining? Is it true that there has been a shift of income tax receipts from the rich to the poor and middling over the past 10 years? What proportion of total public revenue does income tax provide? Has this been rising or falling?

The Revenue’s press officer rang me back. “These questions,” he told me, “are blatantly political.” Eventually, he promised to send me an email. When it came through, the answer to all of them was: “No such analysis is published by the Inland Revenue.” I asked him whether the Revenue had produced an estimate of the amount

of money lost through tax avoidance. It hadn't.

This is mind-blowing. The Inland Revenue claims that it has made no attempt to discover whether or not its policies are working, and whether or not the results are fair.

So, if the super-rich won't pay because no one's interested in making them pay, what on earth can be done? How can the public's interest in fair taxation be revived? How could the government find the courage to stop the tax cheats?

I have a cruel and unusual proposal: everyone's tax returns should be published. If the teachers and dustmen of this country could see that certain multi-millionaires are paying less tax than they are, they'd be so angry that the government would surely be obliged to act. We had a taste of this four years ago, when the Sunday Times obtained a copy of the tax returns submitted by Lord Levy, the multi-millionaire Labour fundraiser. In the year 1998-99, he paid only £5,000. Every lowly taxpayer in the country was scandalised. Levy denounced the newspaper for using details that had been obtained illegally. He claimed that he had been working for charity, and had started a new business which wasn't yet paying for itself. This might be true, but unless someone steals his subsequent tax returns, we have no way of knowing. Why shouldn't public funds be a matter of public record?

I put this to the Inland Revenue. "Taxpayer confidentiality is of paramount importance," it told me. I tried out the same proposal with the human rights group Liberty, and this time I was surprised. "I think our position would be that we're in favour of transparency, so we wouldn't object to it," their spokesman told me. "There would be privacy implications, but we wouldn't be desperately hostile."

Of course, this public information is also private information. But we already have access to a far more private set of data: wages. By looking through the job adverts, we can work out more or less what every employee in the country is paid. The trade unions bargain collectively and publicly over every term and condition. The salaries of the directors of public companies are not only made public, they are splashed all over the papers. Does anyone complain that their civil liberties are being infringed? If we can see how much people earn, it is hard to understand why we shouldn't see how much they pay.

The rich, of course, would go berserk. But as their newspapers are always reminding us, if people have nothing to hide, they have nothing to fear. We know where our money goes. Why can't we see where it comes from?