

Current Affairs Notes – The Morality of Tax Avoidance – 9 November 2016

Tax avoidance – not to be confused with the illegal practice of tax evasion is the entirely legal practice of arranging one's finances in order to pay the least amount of tax possible. In 2010 it was cast as a morally dubious practice, as evidenced by high street chains such as Vodafone and Topshop, who it has been revealed were paying virtually zero% in corporation tax. More recently Starbucks and Amazon have attracted similar attention. Then we have had the revelation that many high profile celebrities (eg Jimmy Carr) were involved in schemes which dramatically reduced their income tax. Earlier this year it leaked out that even David Cameron had investments in an overseas fund arranged by his father. Danny Alexander, then Chief Secretary to the Treasury, said that people who seek to pay as little tax as they can are no better than benefits cheats.

So the sentiment exists that taking advantage of the system is a distinctly immoral practice. However others claim that the criticism aimed at tax avoidance is unjustified; if lawful money management is so morally reprehensible, it is the law that should be changed. Others argue that the shameless scapegoating of individual corporations and celebrities only detracts from the true causes of the economic crisis. No matter what position one takes, morality has become an increasingly prominent issue in the tax avoidance debate.

Following the Jimmy Carr criticism, a Church representative wrote, 'Reasonably and legitimately, within the confines of the law, to avoid paying more tax than one needs to pay is no more dishonest than, say, the effort of a working man to sell his labour to the highest bidder; or for another to invest his money at the best rate of interest.'

Stephen Pollard, a journalist at the Daily Express, put it thus: 'Let me be blunt: only a fool would pay more tax than he has to. The Government sets the rules and the rest of us follow them. Who would choose to hand over more money than the law requires?'