

Tax avoidance: Tax havens

The Government's economic failure means a Labour Government in 2015 is likely to inherit a deficit and tackling tax evasion and avoidance will be extremely important. When we are facing tough choices and people across the country are struggling with the cost of living, all savings are important.

Every £1 million raised by tackling tax avoidance and evasion is the equivalent of the salaries for 50 newly qualified teachers. Yet when it comes to closing the tax gap, deep cuts to Her Majesty's Revenue and Customs mean it is being asked to do much more with much less.

A One Nation economy means one where everyone has a stake and prosperity is fairly shared. To achieve this, a Labour Government in 2015 must tackle tax haven secrecy to ensure individuals and companies pay the tax they owe.

At the moment, UK residents with money abroad are required to pay UK tax on the income they receive, but people too often do not declare they have money stashed abroad and take advantage of major loopholes which need to be dealt with. On top of this, serious concerns have been expressed about deals like the recent agreement with Switzerland to collect tax on hidden British millions. This ensured that total anonymity would continue for tax dodgers and will provide ample opportunities for people to opt out altogether. For all the tough talk from the Government, it is action that matters.

The UK needs to be a great place to do business, but a Labour Government in 2015 must also ensure that multinationals are paying a fair share of tax on their activity in the UK. The majority of businesses in the UK make a significant contribution to the Exchequer, but when some businesses shirk this responsibility, they tarnish

those that pay their fair share. And it is the majority of people, who pay their dues and rely on good public services, who lose out.

Labour believes addressing tax avoidance at both an individual and corporate level must be a priority. At home, this means making it plain to the Crown Dependencies that we will expect them to observe the letter and the spirit of the law and being prepared to legislate if necessary. Abroad it means leading on international action to crack down on practices that cause Britain to lose out.

WE WANT TO KNOW HOW BEST WE CAN:

- Deliver fairness in the tax system
- Ensure individuals and businesses pay the tax they owe
- Lead the way in tackling tax avoidance and evasion via the havens

POLICY CHALLENGES

1. How can we deliver fairness and ensure that businesses and individuals pay the tax they owe?
2. Are changes in the law needed to ensure companies pay fair taxes, and if so what changes?
3. What specific loopholes are there that need to be addressed?
4. How can we improve transparency in company reporting?

5. What can the UK do to tackle tax avoidance in the British overseas territories and what requires action at an EU or international level?
6. What further action should be taken if progress is not made voluntarily?
7. How should we clamp down on criminality and tax evasion?
8. What resourcing is necessary to tackle tax avoidance and evasion and is reform of HMRC needed?
9. How could a Labour government encourage more responsible tax practices?

WE WANT YOUR IDEAS

This challenge paper is designed to start discussion on one of the key policy challenges facing us as we look forward to the next General Election. Please go to yourbritain.org.uk to make a submission and let us know what you think.