

## [The Guardian and Tesco's Taxation](#) <sup>[1]</sup>

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This has been all over the place, The Guardian's attack on the evils of Tesco obeying this country's tax laws and paying the amount demanded by the rules. Unfortunately, it really has been all over the place so let's collect it.

First we had the [investigative report](#) <sup>[3]</sup> which showed the sad fact that after 6 months of investigating two Guardian journalists still don't know the difference between a company and a limited partnership. We're also told the shocking news that Tesco's doesn't in fact pay the headline rate of corporation tax, having an effective tax rate of 20%. As Parliament has pumped out thousands of pages of tax allowances, credits and the like over the decades why this is a shock is a little puzzling. Further, the effective tax rate of the Guardian Media Group [was 16%](#) <sup>[4]</sup> last year.

We then had a [Guardian leader](#) <sup>[5]</sup> where the writer was entirely unaware of the theory of tax incidence. Just because someone is signing the cheque doesn't mean they are the person bearing the burden of a tax. ([See here](#) <sup>[6]</sup> for the schoolboy's version.) Then [Vince Cable](#) <sup>[7]</sup> weighs in and in [the comments](#) <sup>[8]</sup> we're told that the offshore vehicles that have got everyone so riled up don't in fact save any tax anyway.

Then of course Polly [weighs in](#) <sup>[9]</sup>: Dr. Johnson comes to mind, Polly on economics is not so much wonderment at it being done so well, rather that it is being done at all. We've also had [Richard Murphy](#) <sup>[10]</sup> (who seems to be the person advising the writers on tax matters) telling us that large companies had lots of unpaid tax on their balance sheets. Tsk, like the Guardian Media Group with [£30.5 million](#) <sup>[11]</sup>, tsk, tsk. And again we're told in [the comments](#) <sup>[12]</sup> that Tesco's Caribbean adventures won't save it any tax, and again [here](#) <sup>[13]</sup>.

Two points from all of this spring to mind. The first is that the newspapers really do have a problem now: on just about any and everything, their readers in aggregate know more than their journalists do. And comment systems are making it clear that they do. The second is that those on The Guardian really know very little at all about how the tax system works: perhaps that's why they're so insistent that taxes should be higher?

After all, if you don't know what's already going on, it's easy enough to hold ludicrous views, isn't it?

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