

[The small businessmen bamboozled by the tax campaigners](#) [1]

Written by [Tim Worstall](#) [2] | Saturday 27 April 2013

Regular readers will know that I enjoy making fun of certain of the tax campaigners. And some of it is just fun, pointing out their bloopers. But there do come to be times when I get rather angry at the lies and obfuscations they peddle which bamboozle the good people of this country. Take for example this [little story](#) [3]:

Supported by Stephen Fry, Margaret Hodge and Charlie Higson, independent booksellers Frances and Keith Smith delivered a petition calling on David Cameron to take "decisive action [to] make Amazon pay its fair share of UK corporation tax" to Downing Street on 24 April. Over 150,000 people have joined the Smiths' campaign, which they launched last December, saying that "we pay our taxes and so should [Amazon] ? please take a stand with us and tell Amazon to pay their fair share".

There's an awful lot of effort that's gone into that. Effort which would have been better directed elsewhere. At least if it had been directed at changing nappies the babies would have been happier: here the effort is entirely wasted.

"Times are tough and getting tougher," the Smiths write in their petition. "We face unrelenting pressure from huge online retailers undercutting prices, in particular Amazon, and it's pushing businesses like ours to the brink. But what's even worse is that Amazon, despite making sales of £3.3 BILLION in the UK last year, does not pay any UK corporation tax on the profits from those sales. In my book, that is not a level playing field and leaves independent retailers like us struggling to compete just because we do the right thing."

There are several points that could be made. One being that selling to Brits from Luxembourg is not tax dodging, it's exactly what the EU intends the Single Market should be. A, umm, single market across 27 countries. A second might be that even if we start to whine about UK warehouses, tax is still not due here. Our double [taxation treaty with Luxembourg](#) [4] means that such warehouses do not lead to tax being due. And that's from 1968 or so when Wilson ruled: it's also a standard part of all double taxation treaties and for good reason.

(For example, the metals trade uses warehouses in Rotterdam as the point at which a contract is concluded. The cut flowers business warehouses in a small village near Schipol. Should Holland get all the tax from the world's metals and flower businesses? Or should everyone be taxed where they really are, not the warehouses?)

But there's much worse than this. We've had the Margaret Hodges screeching that we're talking about immoral, not illegal. The TJN and other fools similarly scream about how awful it is that people can do business without paying tax. And it is precisely all of this activism that leads these gentle booksellers to spend their year collecting signatures. To absolutely no avail whatsoever.

For in the year they are complaining about, last year, 2012, [Amazon did not make a profit](#) [5]. A \$39 million loss in fact according to their accounts. It's simply not true that "tax dodging" by Amazon is leading to the

crucifixion of the independent book shop. That's a lie that's been foisted upon people by the obfuscations of the campaigners.

In fact, if we were to use the favoured "unitary taxation" model that the likes of the TJN are now pushing Amazon would be due a refund, or at least a discount off any future taxes. And how the heck will that help bookstores?

Which is where we come to the major problem that angers me. The lies that are told by the campaigners lead to people wasting their time. There just isn't any tax that Amazon owes anyway. Worse, the Prime Minister of the UK doesn't have any ability to make them pay any anyway, that's all been handed over to the EU. Vast effort wasted on a petition that cannot do anything, about tax which doesn't even exist, delivered to the wrong person. Doesn't that make you angry, that the self-appointed should dissimulate so that the citizenry are that befuddled?

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