



Tax and morality

Is the purpose of taxation payment for common services (defence, health, welfare) or a tool for the redistribution of wealth? That decision, and the balance between them, is a political one. However, there is nothing intrinsically moral about either high or progressive taxation. First, higher rates of taxation may not raise more revenue (the argument would be about the precise positioning on the Laffer Curve). Second, an extra pound raised for the government means a pound less at the disposal of individuals and families or for philanthropic activities. There is no greater morality attached to a government pound than a pound used in support of family life or philanthropic cause. If such spending encourages enterprise, reduces reliance on the state and achieves social purposes effectively and efficiently, then the moral imperative is to reduce taxation.

What about the collection of the tax that is due? There is an absolute moral obligation to comply with the rule of law (in a free, democratic society) including the payment of tax. How much tax should a person pay? Answer – the amount determined by the laws established by the legislature. The UK tax code is complex and lengthy with numerous provisions, allowances, schemes, exemptions, compliance requirements, elections and claims to be made. An individual or corporation who complies with these requirements cannot be said in any way to be acting either illegally or immorally. If Parliament wishes to change the tax legislation then that is precisely what they must do. Legislators legislate. Politicians should be very wary indeed of criticising those who comply with what they have passed into law.

Are there any limits? Yes, there are. It has been long established that artificial transactions or structures with the sole purpose of avoiding tax are irresponsible. HMRC possesses considerable powers to deal with such transactions. Indeed, given that, we should be wary of giving more powers to the tax authorities to pursue taxpayers complying with their legal obligations. High taxation and progressive taxation are not intrinsically moral. There is a balance in society between the rights of individuals to plan their affairs to minimise their tax liabilities, the laws passed by the legislature and the powers of the executive arm (HMRC) to enforce. The current rather sanctimonious debate around taxation has the danger of destabilising this balance by increasing the power of the executive, getting the legislature off the hook for lack of clarity and to the damage of individuals, families and society.

Richard Turnbull, Director

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Quaker Capitalism: lessons for today

We were honoured to welcome the Rt Hon Dr Vince Cable, Secretary of State for Business, Innovation and Skills to speak. Dr Cable spoke of his own upbringing and the values which the Quaker businesses represented.

Deborah Cadbury related the story of Cadburys giving insight into how values are transmitted. Several members of the Cadbury family were present.

Dr Richard Turnbull put the Quaker businesses into historical context emphasising the issues of innovation, culture and the role of belief.

A panel discussed models of ownership including family businesses (*Stephan Werhahn*), mutuals (*Mark Austen*) and private equity (*Carl Ferenbach*).

Professor Colin Mayer gave a keynote address on how to restore trust in the business corporation.

A fantastic and insightful day. Our publication *Quaker Capitalism: lessons for today* was published on the day!

Copies available from the office at £5 inclusive of postage and packing.



Appointment of Research Fellow

We are excited to announce the appointment of *Andrei Rogobete* as a full-time Research Fellow for CEME. Andrei comes to us from a firm of business and political consultants.

Andrei holds an MSc in Business Management as well as a degree in Political Science and International Relations and will be working on our publications series, communications and assisting the Director.

The market in Catholic thought

Monsignor Professor Martin Schlag of the Centre for Markets, Culture and Ethics based at the Pontifical University of the Holy Cross in Rome spoke at CEME events in both London and Oxford.

Professor Schlag looked at various statements and documents to illustrate the different ways in which Popes had dealt with the idea of the market and how Adam Smith had been received in the Catholic tradition both consciously and sub-consciously. *A fascinating evening!*

CEME makes an impact

The Director appeared on BBC Radio 4's flagship current affairs programme *Today*, was elected a Fellow of the Royal Historical Society and invited to present a paper on the reception of Adam Smith in the Protestant tradition.

The Chairman lectured in Rome, hosted led several 'round-table' debates with senior moral and financial opinion leaders and chaired our conference on *Quaker Capitalism*.

How can you help us?

We aim to both educate and transform. We seek to change opinion and make a practical difference. Our passion is for an effective, enterprise economy shaped by ethical values so that the world can be a better place.

We are an independent Centre relying entirely upon donations to fund our work. Please will you assist our growth?

In the UK donations can be sent payable to the Centre for Enterprise, Markets and Ethics, 31, Beaumont Street, Oxford OX1 2NP. We will supply a Gift Aid form and higher rate taxpayers can claim further relief via their tax returns

US citizens can send donations, payable to CAF America, for the benefit of 'The Centre for Enterprise, Markets and Ethics' ('the CEME Fund') to *CAF America, 1800 Diagonal Road, Suite 150, Alexandria, VA 22314* with the donor advice available from www.theceme.org or office@theceme.org. *This is tax deductible.*

Please advise us of any donation so we can thank you promptly and properly.

To join our mailing list and be kept informed of future events please contact us on office@theceme.org or in any other way.

Our website is www.theceme.org

The Centre for Enterprise, Markets and Ethics (CEME) exists to promote an enterprise based economy built upon ethical foundations drawing upon the history and values of the Judeo-Christian tradition.

The Board consists of Lord Griffiths of Fforestfach, Carl Ferenbach, Dr Kim Tan and Philip Wood.

The Director is the Revd Dr Richard Turnbull, Research Fellow, a member of the Faculty of Theology in the University of Oxford, Fellow of the Royal Historical Society and a Chartered Accountant.