

THE SUNAK ROW IS ABOUT EQUITY

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British Chancellor of the Exchequer Rishi Sunak and his wife Akshata Murthy attend a reception to celebrate the British Asian Trust at The British Museum in London on February 9, 2022. |

Photo Credit: REUTERS

No, the attacks on [Rishi Sunak](#) and his wife, Akshata Murthy, over their [tax affairs](#) are not because they are Indians. There is no problem with the spouse of the main occupant of No. 11 (a taxpayer funded residence) holding an Indian passport. Of course, Britain has a problem with racism — as borne out by [the testimony of Azeem Rafiq](#) about his experience at Yorkshire Cricket Club; as evident in the different numbers of Black and white people subjected to Stop and Search orders by the police. Racism seeps from the very stones of government buildings — the edifices of colonial power and a past that Britain will not fully acknowledge.

However, the controversy over Ms. Murthy's (perfectly legal) tax avoidance in the U.K. and, by extension, of the Sunak household's financial arrangements, isn't about racism or her Indian passport. It is fuelled by fury at the hypocrisy exhibited by the Chancellor of the Exchequer who has just raised taxes on the majority, who have no option but to pay the additional amount, while his wife chooses not to pay taxes in the U.K. on her global income because she can afford to opt into a tax settlement that saves her millions. "That is how the system works for people like her", Mr. Sunak stated in an interview. In other words, if you are really rich, different rules apply.

Also read | [Akshata Murthy says she will pay all taxes in U.K. to avoid 'distraction'](#)

Ms. Murthy has now declared that she will voluntarily pay all U.K. taxes on her global income, replacing the existing arrangement whereby she had 'paid tax in this country on [her] U.K. income and international tax on [her] international income.' The statement is disingenuous because there is no such thing as an international tax authority that collects 'international tax'. Taxes are set by individual countries; Ms. Murthy is an Indian citizen, in possession of a green card (and property in the U.S.), Indefinite leave to remain (ILR) in the U.K, and earnings registered in a number of countries, including the tax haven of Mauritius. Are there other clever arrangements put in place by tax consultants that allow 'people like her' to minimise her tax liability in other countries, such as India, as well? These are legitimate questions because while Mr. Sunak's wife is a private citizen, the very fact of her being his wife means that her affairs too come under the U.K.'s ministerial code insofar as they might pose a conflict of interest to the Chancellor of the Exchequer in carrying out his job.

Buried in this tax row, however, is a bigger problem for Mr. Sunak: the fact that he held a green card until October last year. The couple acquired their permanent residence status in the U.S. while they were living and working there — something that implies that they have chosen the U.S. as their permanent home. Mr. Sunak retained his green card while holding one of the most important jobs in the government. Surely there should have been some questions about how Sunak could take decisions about the long-term interests of the U.K. while he retained a get-out-of-jail-free card that allows him to relocate to the United States if things don't work out. His wife has said that she will retain her non-domicile status even as she pays U.K. taxes: under current tax laws (which her husband can change), this arrangement will eventually run out after some years. What then — will they move out of the U.K.? The cost-of-living crisis in the U.K. is real. A significant number are struggling to pay their bills. Reportedly, Ms. Murthy would have faced a tax bill of over £2 million a year if she had not chosen to acquire non-domicile status. For her, it

is a percentage of her large income; for others, even that fee might be life-changing. Government is about rules and about ethics. The Chancellor's wife choosing to reduce her tax bill is a matter of ethics. Mr. Sunak refused to sanction a plan to raise support for families hit by rising fuel bills to £500 from £200 a household because there was no money left in the Treasury. He counter-offered £1.4 billion when asked for £15 billion to fund a comprehensive catch-up programme in education after the pandemic. Five months later, Mr. Sunak's former school, Winchester College, announced that the Sunaks are donating more than £1,00,000 to fund scholarships at that school.

It is to state the blindingly obvious that not everyone gets into Winchester College or can benefit from this donation. Studies shown to the Chancellor last year estimate that failing to invest that £15 billion in education now will result in welfare costs and criminal justice bills of more than £160 billion later. The government he is a part of oversaw pandemic contracts to cronies of ministers; his Treasury oversaw the disbursement of fraudulent COVID loans that might amount to as much as £20 billion. His colleague, the Prime Minister, attended parties during the lockdown. The tax row provided a focus for existing anger and resentment. If the Chancellor and Prime Minister can find ways of circumventing rules that they make, then why should the rest of the population be held to a higher standard?

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So no, the Sunak row is not about racism. It is about fairness and equity.

(Priyanjali Malik is an author and commentator)

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