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### Bonus tax: 'Hit 'em where it hurts'

British finance minister Alistair Darling announced Wednesday his government plans to slap a one-off tax on bank bonuses. Banks would be charged a 50-per-cent tax rate on bonuses they pay to their staff above 25,000 pounds starting today until April 5, 2010.

"There are some banks who still believe their priority is to pay substantial bonuses to some already high paid staff," he said. "Their priority should be to rebuild their financial strength and to increase their lending,. if they insist on paying substantial rewards, I am determined to claw money back for the taxpayer."

The reaction was swift and strong. Here's a sample:

"They are killing the golden goose that is the financial system. This is unprecedented. We expect to see a further exodus of financial institutions abroad to more tax-friendly environments." *Neil Jones, head of European hedge-fund sales in London at Mizuho Corporate Bank Ltd., to Bloomberg News*

"Populist, political and penal. It might be popular to put very high taxes on a few. But we need to know how we would look internationally." *Angela Knight, chief executive of the British Bankers' Association, to BBC*

"Nobody wants to drive banks and bankers away from the City of London, but on the other hand we're seeing in some respects a return to the short-term bonus culture." *British Business Secretary Peter Mandelson, to television station GMTV.*

"50 per cent tax on bankers bonuses over £25K. Hit 'em where it hurts, Alastair!" *Former deputy prime minister John Prescott, on Twitter.*

"It's more or less a political gesture to assuage the anger that people feel about banker bonuses. There are huge difficulties trying to apply personal tax just on a single group of people like bankers." *Stuart Fraser, chairman of the City of London Corp., to Bloomberg*

"The bankers have only themselves to blame for the clampdown. If they had shown a modicum of self-restraint and a greater sense of public duty, they would not be staring down the barrel of more intrusive regulation and higher taxation." *Daily Mail columnist Alex Brummer*

"This [tax on bonuses] would appear to be a political move rather than a genuine revenue raising measure. Those that may be affected can be expected to arrange their affairs so as to fall outside the measures, and there is already evidence of bonuses having been paid in advance with a view to avoiding this additional tax." *Toby Ryland, an accountant at Blick Rothenberg, to BBC*

"It's blatant electioneering from the government. It's not a clever thing to do – to drive the people who generate money away from the country and discourage them from doing what they need to do." *Ronnie Fox at Fox Lawyers in London , to Bloomberg*

“Windfall taxes of this nature are dangerous because they can become an expectation of businesses. Those investing in the UK will have to double guess the actions of future governments and in this situation, low tax rates will no longer attract companies to the UK.” *Rod Roman, partner at Ernst & Young, to The Telegraph*

“We would hope that the government would not be looking to a regime which would discourage businesses from staying in the U.K.” *Lesley McLeod, a spokeswoman for the British Bankers Association, to Bloomberg.*

“Both financial capital and human capital are extremely mobile. In terms of compensation it's great politics and it's great media. We don't feel that [a tax on bankers' bonuses] is supported by the principles that were adopted [by the G20].” *Bob Diamond, the president of Barclays and head of investment bank Barclays Capital, to The Independent*

“He is cynically appealing to the electorate without believing that he can gain any material revenue. It seems both populist and discriminatory.” *Philip Keevil, senior partner at investment bank Compass Advisers LLP and former head of Citigroup Inc.'s European mergers team, to Bloomberg*

“Ironically, these moves are likely to affect those that have been more responsible and profitable. This is unlikely to help the perception of investors, particularly those from overseas, of the UK as a place to do business .” *Ian Gordon, banks analyst at Exane BNP Paribas, to The Guardian*