



Dan Neidle ✓

@DanNeidle



On Wednesday, Nadhim Zahawi said that his founder shares in YouGov ended up with a Gibraltar company because it had provided capital. I went through all the filings and concluded that either I was missing something, or Zahawi was lying.

Turns out Zahawi was lying. An update:

Dan Neidle ✓ @DanNeidle · Jul 13

Nadhim Zahawi founded YouGov, but took no shares in it. A Gibraltar company, Balshore Investments, did instead. Zahawi says this wasn't tax avoidance, but was his father injecting capital into the business.

Here's my hunt for evidence. A very lengthy thread:

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Replying to @DanNeidle

After I posted my analysis, Zahawi started telling a different story...

... a surprising undermining of Zahawi's own success in establishing YouGov, and not how entrepreneurs (or fathers) usually behave.

This week, he [denied any tax benefit](#) from the structure and told *The Guardian* that his father, Hareth, had previously set it up and had been entitled to the shares because of the "very considerable business know-how" he gave to

... a spokesman said he "had no experience of running a business at the time" and so relied heavily on the support and guidance of his father, who was a successful entrepreneur".



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@billykenber then did the hard yards & spoke to people who were at YouGov at the time. The idea Zahawi's father was heavily involved was news to them

at YouGov in its early years
the office and were surprised
business.

1 72 473



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YouGov then themselves denied Zahawi's story.

(Why would they make a public statement? Possibly because the legal consequences of having had a "shadow director" are often undesirable)

ow appears to have been undermined YouGov
ld, who said that Hareth Zahawi had not adv
hareholder. "To YouGov's knowledge, YouGov
areth Zahawi beyond any interests he may ha
nts Ltd in its capacity as a YouGov shareholde

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1. What does this mean?

Zahawi now has no explanation of why a Gibraltar company, held by an offshore trust owned by his parents, came to hold *his* founder's stake in YouGov, eventually worth over £27m.

11 288 993



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The only explanation left is the obvious one: tax avoidance. If Zahawi held the shares in the normal way, he'd have been taxed on dividends and gains (at least £3.7m of tax)...

7 165 780



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... instead, the dividends and gains were untaxed in Gibraltar, and then (I expect) gifted and lent at various times back to Zahawi. We have evidence of at least one gift, and a related Gibraltar company made multiple loans.

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2. What are the consequences?

I expect HMRC will open an enquiry (if they haven't already) and look to tax the Gibraltar company and/or Zahawi himself the big £20m profit it made selling all its YouGov shares in 2017/18.

(Trickier but not impossible to pursue earlier periods)

 3  101  663  

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If, back in 2000, Zahawi gave HMRC the same false explanations he gave us last week, then this would be criminal tax evasion, not avoidance. But I expect he actually just told HMRC nothing.

 3  99  678  

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It will still be tax evasion if Zahawi or others acted dishonestly; that may or may not be the case, but it would be hard to prove.

 1  51  424  

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However there are multiple ways HMRC can attack the arrangement under anti-avoidance principles, trust principles, specific anti-avoidance rules etc. Zahawi's conflicting and false denials will make any defence difficult.

 3  62  477  

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it seems very likely this was "deliberate concealment" and attracts a penalty of up to 100%. i.e. you pay twice what the tax should have been. gov.uk/hmrc-internal-...

 2  77  583  

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It's strongly in Zahawi's interest for this not to become public, so likely he will reach a settlement as soon as possible and pay up quietly (tax plus interest plus penalties). We will never know.

 3  96  576  

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It cannot be right that the Chancellor of the Exchequer lies about his past tax affairs.

It is an impossible conflict to have a Chancellor who is likely to be subject to an HMRC enquiry and accusations of deliberate concealment.

 12  377  1,269  



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The Times article is here:



thetimes.co.uk

Nadhim Zahawi 'may have avoided millions in tax with trust'

Nadhim Zahawi has been accused of giving a misleading explanation of his tax affairs amid allegations that he may have avoided millions in ta...



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My original report is here: taxpolicy.org.uk/2022/07/10/zah... and my analysis of Zahawi's previous defence is here: taxpolicy.org.uk/2022/07/13/zah...

Both updated



taxpolicy.org.uk

Did Nadhim Zahawi's family trust provide any capit...

Nadhim Zahawi founded YouGov, but took no shares in it. A Gibraltar company, Balshore ...



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