

# Hedge fund founder David Harding reveals £34m tax bill

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By Verity Bowman



David Harding earned an income of £87m last year from Winton Capital Management, the investment firm he founded in 1997, and paid an annual tax bill of £34m - enough to fund the salaries of 1,500 newly-qualified teachers.

But the 51-year-old admitted that he was not "whiter than white" and had paid an overall rate of just 39pc in the last financial year, as he makes the majority of his money from dividends rather than salary, which are taxed at a lower rate. Mr Harding currently owns 56pc of Winton Capital Management.

Over the year he took a £16.1m salary, paying £8m in income tax, and made National Insurance contributions of £325,000. He also earned £71.3m in dividends and paid 40pc tax on that.

Speaking to *The Sunday Times*, Mr Harding said: "I am definitely not whiter than white. I think that if you want to be accepted by society you have to be seen to be paying your share."

He said that regardless of the legality of their tax affairs, high earners should be able to pass the "smell test". Unlike Mr Harding, many high earners employ complex tax avoidance schemes to minimise their annual bill. Earlier this year comedian Jimmy Carr

was found to have **sheltered £3.3m a year through the controversial K2 avoidance scheme.**

In April, George Osborne told *The Daily Telegraph*: "I was shocked to see that some of the very wealthiest people in the country have organised their tax affairs, and to be fair it's within the tax laws, so that they were regularly paying virtually no income tax. And I don't think that's right.

Mr Harding claimed that high earners who avoid paying their fair share provoked anger among the rest of the country. "I think the resentment and anger is felt among the middle class - the civil servants, the teachers, the soldiers, the public sector workers, the professional classes, the backbone of the British nation," he said.

The former trader, who read physics at St. Catharine's College, Cambridge, has considered leaving the UK in the past and said that it "would be impossible for it not to cross your mind".

"I am not sure I would easily find a better place to move to. I speak English, my life is here, I like England and the tax rate is not higher than Scandinavia or the rest of Europe," he said. "Taxes in Switzerland are not as low as they used to be. I can't go to the Bahamas. I've got family.

"I'd rather not pay the tax. But everyone is aware that the country has to fill in its budget deficit from somewhere. You can't run a huge deficit forever. I'd pay any tax that was vital for my country as long as I didn't feel it was vindictive."

As well as eschewing aggressive tax avoidance schemes, Mr Harding has made several large charitable donations in recent years. He formed the Winton Charitable Foundation which funds the Winton Professorship of the Public Understanding of Risk at the Statistical Laboratory of the University of Cambridge, and is also a patron at the Max Planck Institute for Human Development. He also donated £20m to the Cavendish Laboratory at the University of Cambridge's Department of Physics.

Winton Capital Management was named after Mr Harding's middle name, which was also his father's Christian name, and focuses on applying empirical scientific research to the markets. It currently employs over 110 researchers with masters degrees and doctorates in a wide range of disciplines, including "extra-galactic astrophysics." Last year the business enjoyed turnover of £350m and made operating profits of £233m, paying £62m in corporation tax.

Mr Harding topped a list of the **UK's largest taxpayers** last month compiled by *The Independent*.