

## The Guardian's Tax Gap

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The Guardian has begun its [Tax Gap](#) series.

And those who spend their whole lives seeking to be negative [are already pointing](#) out that in its 2008 accounts the Guardian Media Group actually reported a tiny tax refund on its profit and loss account on profits exceeding £300 million.

As a result I have looked at the issues, and have prepared a report on the Guardian's own tax gap, [here](#).

My conclusion with regard to its tax gap:

*The Guardian Media Group was on average during this period the persistent highest payer of tax in its sector, declaring a rate over the period that was almost exactly that expected of it in the UK, and settling a liability only a little less than that.*

*It does have a tax gap, but it is not significant, its prior year adjustments to its declared tax are lower than average, and it does therefore appear to indicate a high rate of tax compliance within its accounts when compared to the sector and other companies I have researched, for example in the report 'The Missing Billions' for the TUC which showed average tax rates of the largest UK based corporations in this period were significantly below the rates declared and paid by the Guardian Media Group plc.*

As for the 2008 exceptional result:

*The tax credit on the exceptional part sale of the Auto Trader group was almost entirely deferred tax, and as such is ignored in the comparative analysis noted above. As stated there: such deferred tax liabilities are rarely paid, and they were not in this case, giving rise to their credit to the profit and loss account. Any criticism needs to be of accounting rules that so significantly distort the proper reporting of real taxation liabilities.*

*No complicated planning was needed to produce the low tax charge on the sale of this interest: the government has since 2002 provided that Substantial Shareholdings Relief*

*is due when an asset of this sort is sold and no tax is due. The Guardian was, therefore, being tax compliant: the company is doing what the government wants, and for which it provides a relief. It would appropriate to criticise the government for introducing a tax relief of this sort: the Guardian cannot be criticised for using it when the law required that it be applied.*

*Disclosure: Tax Research LLP has advised the Guardian Newspaper on taxation issues. It has not advised the Guardian Media Group plc.*