

How can the FTSE 100 and PWC have got tax so wrong?

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PWC issued the latest of their Total tax Contribution reports today.

I readily admit I do not buy the logic of these reports, but this is what they say:

A survey by The Hundred Group of FTSE 100 Finance Directors has found that the UK total tax rate — combining all taxes borne or collected by FTSE 100 businesses on the Government's behalf — has grown significantly as a proportion of total corporate earnings since 2007.

The members of The Hundred Group reported that their total tax rate increased from an average of 38.2% of total earnings in 2008 to 41.6% in 2009. This represents a year-on-year increase of 9% in FTSE 100 companies' average total tax rate; an expansion in the overall corporate tax burden which has been implemented against the backdrop of the deepest recession for many years.

The survey was conducted on The Hundred Group's behalf by PricewaterhouseCoopers LLP. During the 2008/2009 tax year, the UK's largest companies paid or collected £66.6 billion in taxes. Corporation tax payments fell 6.4% to £10.3 billion over the period. However, other taxes did not reduce in line with declining profitability and therefore account for a higher proportion of overall earnings.

But hang on — [don't economists all agree](#) that business can't pay tax?

How can so many people — the captains of industry and the biggest firm of accounts in the world no less — have made such a drastic mistake in the face of that evidence from the world's best economists (you know, the ones who didn't see the recession coming)? Note that PWC say borne? Surely some mistake?

I hope Tim Worstall's on the case :-)