

Banks, their losses and why they won't be paying tax fo...

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For those who want to know why banks won't be paying corporation tax for some time to come, can I recommend a report I wrote last year for the TUC? [It's here.](#)

As the TUC said at the time:

Despite being rescued by taxpayers during the crash, UK banks will avoid paying £19 billion of tax on future profits by offsetting their losses during the financial crisis against their tax bills. This is equivalent to more than £1,100 for every family in the UK, a TUC report says today (Monday).

The TUC report - The Corporate Tax Gap - says that as well as benefitting from an £850 billion bailout from taxpayers and the Bank of England during the recession, banks are able to offset their £19 billion [cash value] of tax losses between 2007 and 2009 against paying tax on future profits.

The report, authored by tax specialist Richard Murphy, has calculated this double subsidy from the accounts of five UK high street banks - HSBC, Royal Bank of Scotland, Barclays, Lloyds TSB and HBOS (later Lloyds Banking Group) - and HM Revenue & Customs (HMRC) data.

That's why we're not all in it together.

And that's why we need to restrict the use of these losses in the future. There is no way banks should get double relief on them - once when we bailed them out because they made these losses and again in the future when they return to profitability. We could do this by simply banning their carry forward now for offset against future profits. It's a one line new piece of law that is needed.

It's the simplest reform to recover cash the government could make - billions in all. So why isn't it doing it?