

Barclays - paying tax, but where?

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It is I think quite fair to say that a great many people who called me yesterday afternoon were [stunned by the news that Barclays](#) paid just £113 million in tax in the UK in 2009.

Barclays made £11.6 billion in 2009 - £4.6 billion on ordinary activities and the rest from selling Barclays Global Investors.

Its total tax bill on this (and I'm ignoring deferred tax because there is no evidence it will be paid) was about £1.3 billion - of which just £200 million or so related to Barclays Global Investors' sale due to the absurdly generous rules on capital gains by corporates introduced by Gordon Brown, and the rest related to the ordinary activities. I'm going to leave aside Brown's absurd generosity - but note that this error needs to be corrected - and concentrate on the current tax situation.

First note that Barclays does not pay tax at the expected rate of 28%. It pays tax at 23% - by its own admission. All its tax planning activity delivers some benefit.

But second, note from its accounts that its biggest retail operation is in the UK. Admittedly its biggest commercial loan book is in the US, but also note that 78% of its profits (or thereabouts) come from Barclays Capital which, if publicly available information is to be believed is largely located in London and New York. And yet, just 10% of Barclays worldwide corporate tax is paid in the UK.

So here we have a UK bank, seemingly able to offset all its head office costs, all its losses on Barclays Corporate, and maybe (I'm guessing here) some of its losses in Europe (after all, relocating losses isn't hard for a bank) into the UK to offset what profits it does make here, and even so seeming to pay a disproportionately low amount of tax in this country. A staggeringly low amount of tax in fact.

[I note the bank has said:](#)

The corporate tax affairs of an organisation with the global footprint of Barclays are complex and not reducible to simplistic comparisons. Any link between Barclays Group

profits and the amount of tax paid to the UK government is inappropriate - there is no direct correlation between the two.

Well, let me be candid. I don't believe them. Oh yes there is a link - a very real and very obvious link, and they've chosen, in my opinion, to engineer that link to ensure that they pay the least possible in the UK, exploiting on the way I suspect our lax attitude to offshore, our lax rules on the offset of interest costs, our lax rules on losses and the lax rules we have on head office operations.

Two things are needed. The first is not territorial taxation as the Tories propose - that will make Barclays tax even lower than it is now - but a rigorous review to make sure that the profit really arising in the UK is actually taxed here, which by Barclays' own admission is far from the case now.

Second, we need the information to hold banks to account for what they do. This is, of course. [country-by-country reporting](#). We must have banks report on where they operate, without exception, what profit they declare in each such location and how much tax they pay there as a result. It's really very basic information. And yet we do not have it.

If Barclays want to say paying tax is a measure of their social contribution, that's fine. But unless they tell us where they pay tax it's meaningless. And the abuse of the UK will go on.

Open the books Barclays. That's the message. And Lloyds, RBS, HSBC and every other major corporate too.