

The FT misses the point on corporation tax

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Vanessa Houlder is a journalist who usually writes good articles for the FT.

This [morning she delivers an exception](#). When writing about tax protests she seems to have failed to contact almost anyone involved in the debate from the side that is saying that there's a serious problem inherent in the tax gap in the UK.

First she quotes David Gauke - a minister at the Treasury, saying:

The idea that spending cuts would be unnecessary if only everyone paid their taxes is "incredibly naive", according to David Gauke, a Treasury minister.

Yes, but that's not what they're saying. At best I'm arguing oily £20 billion a year could be raised from the tax gap. So that's a straw man Mr Gaulke, that goes unchallenged.

And then there's ampoule space given over to my old friend Prof Mike Devereux from the Oxford Centre for the Non-Taxation of Business, who in his own usual and distinct style decides to light the blue touch paper, saying:

It is very hard to tax capital in the way we try to tax it now by identifying where it is located," says Prof Devereux. "The more I think about it the more crazy it is." A better approach to taxing profits would, he says, be a form of value added tax.

Of course Mike. Let's tax consumers - including the poorest in the country - to ensure capital isn't taxed. That's the basis for justice, isn't it?

But three more quotes to finish:

Apparently relentless competition for jobs and revenues will result in sustained downward pressure on tax rates, according to the OECD's Mr Owens. Along with the trend towards increased consumption taxes paid by rich and poor alike, a structural change is under way that is "probably leading to a less progressive system". Governments should look at other approaches — involving wealth and inheritance taxes, for example — to share the burdens and rewards of globalisation. He adds:

“There has to be a role in the tax system to reduce inequality.”

Of course there is - [but not if you are in the UK, or so it seems](#).

And:

The message is a challenging one for governments. Their struggle to improve competitiveness is likely to exacerbate grievances among voters about the unfairness of the system. Tax protests are a symptom of a concern that is unlikely to go away.

In Britain, UK Uncut, which styles itself as an “army of citizen volunteers determined to make wealthy tax avoiders pay”, is preparing again to hit the streets. “We have hit a nerve,” says one. “We are not going to stop.”

I'm sure that is true. As equally sure as I am that this is true:

“UK Uncut worries people like me,” says a multinational executive. “It shows how much raw anger there is out there. It would be understandable if the facts were right.” He complains about ignorance over how much tax business actually pays in Britain — at least £150bn from all levies, more than one-quarter of all tax revenues. He acknowledges, however, a failure by companies to explain their strategies: “It is very hard to explain a tax structure without looking guilty.”

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