

## Oxford and HMRC data proves that the corporate tax gap ...

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I have [referred already to the Oxford report on corporation tax](#), just published, and [Robert Peston's reaction to it](#).

There is however another important point to pick up, and that is that the data confirms I was right all along on the scale of the corporate tax gap.

As Oxford note:

*Within each sector there is evidence that, as a proportion of trading profit, the tax liabilities of the largest 100 companies are generally lower than for other companies.*

So, on average large companies are paying tax at less than the 21% at which small companies pay tax.

Then note:

*Independent companies pay just over 10 percent of UK corporation tax. By far the largest share of corporation tax is paid by companies that are part of multinational groups, with a similar proportion from UK-owned and foreign-owned groups.*

By 'independent companies' they mean companies that are not part of groups - which means UK small companies in other words.

And

*The top 1 percent of all companies pays 81 percent of UK corporation tax.*

In fact, based on graphs in the report it seems 90% of tax is paid by 10% of companies.

Corporation tax paid in all in 2009/10 was £36bn. It was [£43bn in 2006](#) when I did my research for [The Missing Billions](#) for the TUC.

Now let's pull this data together. 90% of companies paying 90% of all corporation tax do not pay at the expected rate of 28% but instead probably pay at a rate less than

21%. Of course that's an extrapolation of what Oxford say, but it seems a fair one based on what they say. So, currently £32.4bn of corporation tax paid is the result of tax charged on large companies at a rate of less than 21% (let's call it 20.5% - we don't want to over-egg this) when as Oxford note (and they would not note this unless they thought it reasonable to surmise this) a rate of 28% was expected, irrespective of allowances and reliefs.

So let's gross up £32.4 billion and see how much tax would have been paid if settlement had been at 28% and not 20.5%, and the answer is £44.3 billion. Take off the sum we first thought of - i.e. £32.4 billion - and the difference is £11.9 billion. Which give or take is near enough £12 billion. In fact if I'd assumed the rate was 20% and not 20.5% the gap would have been £13 billion.

In the Missing Billions I said the expectation gap - the difference between the sum we'd expect large companies to pay and the amount they actually pay - was £12 billion a year at the time. And now it's near enough almost exactly £12 billion.

The fact is the Missing Billions was right all along. And those who have used my data as the basis of their tax protests - saying we're not all in this together as ordinary people and small business are paying for the abuse big business and banks in particular have unleashed on our economy - can take considerable comfort from the fact that they now have the backing of Oxford University and H M Revenue & Customs data to show that the number they have been using on corporate tax avoidance - the activity that ensures they're not in this altogether with the rest of us - was right all along.

Thanks Oxford. I appreciate your support.

The question now is - what is anyone going to do about it - because I suspect this will only reinforce demands for action. £12 billion would