

The great tax heist is worse than we dared fear - 5.75%...

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The budget has announced that:

New rules will include a finance company partial exemption that, in broad terms, results in an effective UK tax rate of one quarter of the main rate on profits derived from overseas group financing arrangements (equivalent to 5.75 per cent by 2014). This will be preceded by interim improvements to the current CFC rules in Finance Bill 2011 for accounting periods beginning on or after 1 January 2011 to make the rules easier to operate ahead of full reform;

Let's be clear what this means.

First it means large companies can shift large amounts of their profit offshore and pay just 5.75% on them. This is a massive tax cut for big business.

Second, note this encourages multinational corporations to move functions and employment out of the UK - not bring them to the UK. Which is in itself amazing.

Third, this is a massive boost for tax havens.

Fourth, the opportunities for avoidance will, no doubt be legion.

I can only presume Osborne intended to kiss large parts of big business corporation tax revenues goodbye. Because that is what he will be doing.

And let's also be clear what this also means - if you're big enough this says you can hold this government to ransom and demand one of the lowest tax rates we have ever seen on anything.

So much for standing up for the UK.

So much for supporting small business who will pay much, much more.

So much for 'we're all in this together'.

It's none of these. It's one rule for the rich.....