

If you really believe in small business then you have t...

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[Only one in three companies in the UK pay tax.](#)

It's likely that up to one in two, at least, should.

The rest don't pay because they've realised that H M Revenue & Customs don't have the staff needed to chase them. So they get away without paying, scot-free.

But that begs a big question. How can an honest small business have a chance of surviving when so many of its competitors are cheating? Of course the one that pays tax as it should will be at a disadvantage.

The government's failure to collect tax from hundreds of thousands of companies that owe it in this country is tearing the guts out of honest enterprise. You could be honestly mistaken into thinking it was government policy to support businesses that cheat based on this neglect on their part.

There are only one ways to get round this. The first is we need more tax inspectors. And we need them to go after the people who don't pay and not the ones who do.

Is that really too much to ask?

And is it really too much to expect of a supposedly pro-business government?

The second is we need to supply those tax inspectors with more information. Some very simple data will do. As Caroline Lucas MP's [Tax and Financial Transparency Bill](#) demands, all that we need to do is to ensure that every financial institution in the UK that opens a bank account for a UK limited company, LLP, trust or other arrangements constituted under statute must tell H M Revenue & Customs and, if appropriate Companies House that they have done so. They must also advise them when they close those accounts.

A company with a bank account is a trading entity, almost certainly. What is undoubtedly true is that if it has a bank account then it is an entity that has a duty to

file a tax return and pay any resulting tax that is due. The provision of this information, with whether or not the entity has a bank account being recorded on public record (without, of course, account details being disclosed) would result in three highly desirable outcomes.

First, we would know which companies were likely to be trading, or not. At the moment this is a matter for self declaration, and the opportunity for fraud is enormous, and I suspect prevalent.

Second, the Revenue could then demand tax returns from all those companies where it was appropriate, knowing that they had targeted the right entities. At present this process is largely dependent upon the self declaration of companies, and again, this is widely open to abuse, and fraud.

Third, if Caroline's Bill became law Companies House would not be able to strike off a company with an open bank account, or if it had had a bank account during a period and had not filed accounts for that period. In other words, company directors would be forced to fulfil their obligations to file accounts on public record. Additionally, HMRC could then object on an objective basis to any company being struck from the Register if it knew that a company had operated a bank account but had not filed a corporation tax return for the period when it did so. Once more, the power to enforce regulation would exist based upon relevant and reliable information.

As a result a fair, open, and accountable playing field that is level for all participants will be created. The cheats will not be able to avoid their obligations any more. Honest business will be supported by our government. The tax system will support those who pay.

One final provision within Caroline Lucas' Bill would help that. If HMRC were given the power to demand from a bank full details of the beneficial ownership of the company recorded for money-laundering purposes, full details of the directors of the company and their current addresses as recorded by bank, and full details of its bank account activity if HMRC could show that they had made an enquiry of the company to secure a corporation tax return and no information had been provided to it within three months of that enquiry being made then the Revenue would have access to all the information that they would need to firstly raise estimated tax assessments and secondly make contact with those people who were really managing the affairs of the entity, meaning that they could hold them to account for the actions of the company. Again, that information would eliminate cheating within our society, uphold honest business, and ensure that a level playing field is created within the UK business environment.

I would, quite candidly, be astonished if any chartered accountant, any business organisation, any lawyer and any politician could oppose such proposals. This is all about ensuring honesty, accountability, transparency, justice and equal treatment for the honest business community of this country which needs to be defended from the

cheats who can at present undercut their best efforts by not paying their taxes, by employing people in the shadow economy and by undermining their prices through evading VAT.

Can anyone really object to that?