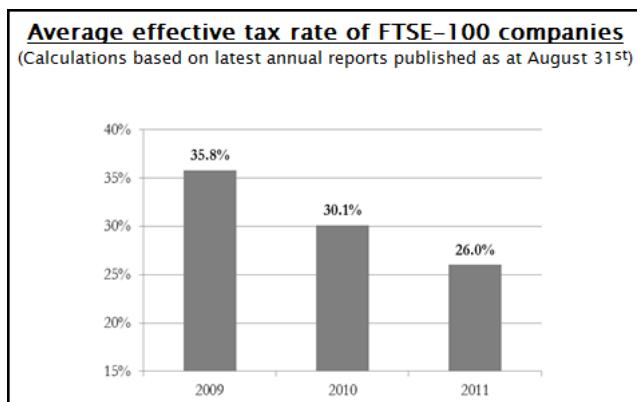


FTSE companies do not pay 26% tax

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I note a story from a couple of days ago that has spun in all sorts of weird ways.

UK accountants Hacker Young [have suggested](#) that the tax rate of FTSE 100 companies has fallen by almost 30% over two years, publishing a graph that looks like this:



This is utterly misleading.

In 2009 we had economic meltdown and many companies made losses. However, many of those losses were provisions that were not tax allowable so profits were deflated by tax bills weren't, so rates rose.

Now that situation is reversing.

And in addition, of the unadjusted profit of FTSE companies before goodwill provisioning is taken as the base when goodwill provisions are almost never tax allowable that is also misleading whilst failing to exclude rogue companies like Shell which includes oil taxes in its tax charges can also seriously distort results.

The reality is that, [as I have shown](#), that the effective tax rates of companies in a controlled sample of FTSE 100 entities is much lower than Hacker Young suggest, as follows:

Effective Corporation Tax Rates of FTSE companies 2000 - 2009

This makes sense, and broadly agrees with a wide body of data, none of which shows UK effective tax rates are higher than the headline rates of tax as Hacker Young are suggesting.

Candidly, this report on their part is poor work, misleading, and is simple headline grabbing to demand tax cuts when none are due. They do themselves no favours as a result by publishing it.