

HMRC have all the data we need to assess tax risk - so ...

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[Oliver Huitson](#) had a thoughtful piece on tax transparency [on Open Democracy yesterday](#). Having noted my call for the corporation tax returns of large companies to be put on line he said:

But there is a limit to how far the general consumer will acquaint themselves with the returns published and the problem of “we need to know” would, to a lesser degree, still remain. What seems to be needed, in conjunction with public returns, is a simple, visible indicator of tax probity at the transaction level. The “green, amber, red” nutritional information provided on food packaging could potentially be adapted for tax purposes for all firms over a certain size and/or all publicly listed companies. If firms lack a physical good for packaging, they can be required to display their tax rating prominently on all literature and websites. We already have substantial amounts of compulsory information we require UK firms to provide. Costs of implementation, both to the state and the firm, would be relatively miniscule in comparison to the scale of tax lost — currently [estimated](#) at around £25bn a year, or around 15% of the deficit (the figure is just for avoidance, not evasion). There is no reason why only food producers should have to show consumers the information they would rather hide.

In the land of market efficiency knowledge is king, and those who purport to uphold free-market principles should recognise the importance of tax knowledge; consumers have a right to know who they are dealing with if they are to arrive at rational outcomes for their purchases. For we don’t simply rely on the goods and services we purchase, we rely also, to a great extent, on citizens and firms contributing to the collective costs of running a civilized society. More than ever, we need transparency and knowledge to empower the public to make the right choices on which firms to do business with.

The information to provide the appropriate risk warnings on tax to consumers does all exist. H M Revenue & Customs have risk assessed all the large companies in the UK - that's about 700 of them. And in each case they have given them a tax risk rating - low, medium or high.

The rating is a combination of two things, broadly speaking. the first is the inherent risk

in the industry in which they operate. So, for example, banking and pharmaceuticals will always have higher tax risk. But as importantly, the companies attitude to risk is taken into account. So if the company is risk averse, avoids tax products to minimise risk, is open in its dealings and clearly wants to settle its tax bills openly and accountably it is given a low risk status, and gets a lighter touch tax regime as a result. There is a payback for the company with low risk in this system. The corollary is that high risk companies should get more attention.

I believe HMRC should publish these risk assessments.

Of course this is market sensitive information. So it should be. Many of us want low risk investments. Those who do not take unnecessary tax risk and who pay their way to society should be given a market advantage.

And this does not divulge taxpayer details: just HMRC management data. I believe parliament should demand it be put in the public domain, now. It would transform attitudes to tax, investment and portfolio management, all for the better. What's stopping them?