

Vodafone's not paying any tax in the UK: get used to it...

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As [the Telegraph reports this morning](#) about Vodafone's accounts for the year to March 2012:

The company saw its global corporation tax bill go up by £300m to £2.3bn, but none of that money went to the exchequer in the UK, where Vodafone takes several hundred millions of pounds from more than 19m customers each year.

Instead, the mobile operator's British corporation tax bill fell to zero from £140m in the year to March 31, 2011, despite an increase underlying earnings before interest and tax at its UK operation rose from £1.2bn to £1.3bn.

Although Vodafone has acted within the law, its minimal bill in Britain is likely to reignite anger over the group's dealings with the taxman.

Now this, of course, has nothing to do with the £1.2 billion settlement of a decade-long dispute with HMRC in 2010. This has all to do with Vodafone's activities in the UK in 2011/12.

And active it was, as the Telegraph makes clear.

And let's be clear, overall as profitable as it was, [as the accounts show](#). It had revenues of £46.4 billion and net profits before tax of £9.5 billion. It made an operating surplus in the UK of almost £1.3 billion.

But it paid no tax here.

Why? Well, we have to guess about that but I note financing costs rose rapidly this year to a net £1.5 billion and my guess is that is what wiped out the UK profit. And that's because George Osborne only wants to tax profits arising in the UK but is more than happy to give relief for costs arising anywhere in the world in most

cases.

We'll have to get used to it: a large company paying tax in the UK is going to be an increasingly rare phenomenon as Osborne has made sure his friends can use the UK as a tax haven.

And who will foot the resulting bill to pay for the UK deficit? Why, you will, of course! By paying more tax and getting fewer services.

Business of course still gets all its services - and demands more by the day. It's just they won't pay for them. You do. And that's not by chance, that's by design.

This is the new world of big business taxation.