

Time to revive Caroline Lucas' Tax and Financial Transp...

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I have just drawn attention to the [failings of Companies House](#), as has [the Guardian today](#).

There are endless, appropriate, stories on corporate tax abuse at present. So it seems fair to note that there [was a Bill before parliament last year](#) that tackled both issues, proposed by Caroline Lucas, and I admit, written by me. I think it is, therefore, worth repeating what I wrote about it at the time:

Caroline Lucas, MP for Brighton Pavilion and leader of the Green Party, will today (17 March) table a new Tax and Financial Transparency Bill in the House of Commons to tackle the UK's billion-pound tax evasion scandal.

Lucas is launching the Bill after posing a number of Parliamentary Questions to the Chancellor, in which she exposed the fact that HMRC is failing to prevent serious tax evasion which could amount to as much as £16 billion of lost tax.

A [report published this week](#) by Tax Research UK reveals that around 500,000 companies 'disappeared' from the UK's Register of Companies in the year to March 2010 — with billions being lost to the Exchequer as a result.

The MP believes that urgent measures are needed to stop companies that are formally dissolved from trading fraudulently, thereby undermining honest businesses who do pay their taxes.

Caroline Lucas MP said:

"[This Bill has two aims](#). The first is to tackle the scandalous reality that around 500,000 companies every year are not paying tax in the UK — an issue highlighted in the report published by Tax Research UK this week. It estimates that regulatory failures by H M Revenue & Customs and Companies House mean that around 500,000 companies a year fail to pay their tax or file their accounts.

"A great many are simply struck off the Register of Companies as a result, never to be

heard of again. Tax Research UK estimate that up to £16 billion of tax a year might be lost to the country as a result.

"This Bill would ensure that banks have to provide details on all accounts they maintain for companies operating in the UK so that H M Revenue & Customs and Companies House can chase those companies who do not file the returns they're obliged to make for the missing information — and the tax they owe. This simple law could recover billions of pounds of lost tax for the UK."

She continued:

"Secondly, the bill would force companies to 'publish what tax they pay', requiring all companies filing accounts in the UK to include a statement on the turnover, pre-tax profit, tax charge and actual tax paid for each country in which they operate, without exception. If they only trade in the UK, this has no impact on them. This information would, however, mean that the answers to the questions asked of Barclays Bank earlier this year about where it earned its profits, how much profit was recorded in tax havens, and where it paid its taxes could be answered for all companies trading internationally."

Caroline Lucas added:

"This information on where companies make their sales, record their profits and pay their taxes is vital if we are to ensure that multinational corporations make a fair and proper contribution to our society. "Corporate social responsibility is not an option for companies — and paying tax to the country that provides them with their opportunities to trade is an essential part of it. You can't be socially responsible and accountable unless you say where you are and what you do in each place that you trade."

The Tax and Financial Transparency Bill will be presented to the House of Commons on 17 March 2011. Its second reading is scheduled for 10 June 2011.

The demand that multinational corporations declare their sales, profits, tax liabilities and tax payments is technically called country-by-country reporting. [It is described in more detail here.](#)

Moves to introduce country-by-country reporting are currently being considered by the International Accounting Standards Board for the extractive industries and by the European Union, although that move may also be restricted to the extractive industries alone, which is why separate legislation is needed in the UK to extend the requirement to all company accounts.

The Bill failed.

The need for it is even more pressing now.