

Could HMRC be trusted to oversee auditors when it's now...

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There's [an interesting comment on the blog this morning from Tim Knight that says:](#)

It seems to me that the auditor of an enterprise ought to be responsible to the beneficial owners of that enterprise. That cannot be the managers themselves (the auditors are there to audit the managers and management). It cannot be the directors (they are all part of the management/director club marking each others cards). It cannot be the formal shareholders (they are too diffused). So the beneficial owners need some agency whose interests are directly-aligned to the interests of the formal shareholders. How about H M Revenue & Customs?

Because of the existence of Corporation Tax (currently at 23%), the citizenship of each nation is the beneficial owner of 23% of the net profits of every enterprise operating in that nation, and H M Revenue & Customs is (or ought to be) the guardian of that 23% on behalf of the citizenship. H M Revenue & Customs ought to have 23% of the general voting power on every board of directors, sole oversight of the senior management remuneration committee, sole oversight of the appointment of the auditors, and the right to a prominent section of the annual report to 'objectively mark the cards' of the directors and management).

We are not looking for entrepreneurial insights, instincts, experience, and expertise here; just 'due diligence' (on behalf of the beneficial owners). In particular, H M Revenue & Customs should 'audit the auditors' for due diligence.

I think the idea is fascinating. Instinctively I like it.

My problem with it is that HMRC has been largely captured and is now under the influence of the Big 4 firms of accountants and large corporate interests, [as its Board membership clearly shows](#). That poses the question as to whether it can now be objective about raising tax. And in turn that leads me to now wonder whether it could take on this role.

This should not be the case. This country prospered with a strong and independent civil service. That is being debased by corporate influence that denies almost anyone in

HMRC the prospect of advancement to the senior levels of the organisation. This cannot be chance. This must be design. And it is a design for failure.

There's more on this, by the way, in '[Over here and under-taxed](#)'.