

## My budget: what I'd be doing on Wednesday

Published: January 14, 2026, 9:15 am

---

Budget predictions and demands can be boring (read most of those in the Observer if you don't believe me) but it is an annual requirement to make clear what you want knowing full well that you'll be disappointed. If that's to be the case I've decided to go for maximum remorse and show no restraint in what I'd hope for.

### **Transparency**

- 1) Full country-by-country reporting, of course, [for all the reasons given here](#);
- 2) Full automatic information exchange required with all our own tax havens now, and that they be required to offer the same to all countries without a record of serious human rights abuses;**
- 3) All our tax havens be required to file limited liability entity accounts on public record;**
- 4) Reform of UK small business accounting so all had to file a full set of accounts as submitted to shareholders: the farce of omitting the profit and loss account should end;**
- 5) The beneficial ownership of all shares should be required on public record;**
- 6) Banks should be required to submit an annual report to Companies House and HMRC of all companies that have an open bank account to ensure that these companies cannot be struck off without filing accounts. Failure to file accounts automatically leads to right to access bank records for HMRC and personal liability for tax due (of any sort) by directors;**
- 7) A UK register of trusts should be created;**
- 8) The beneficial ownership of all companies be recorded on public record.**

**All these measures are intended to track the corporate tax base, make clear**

**who is accountable for it and extend liability of those with obligation to pay it, all with the intention of defeating tax evasion and avoidance by use of corporate and trust structures.**

## **Avoidance**

- 1) Welcome the general anti-abuse rule and develop it;
- 2) Add a penalty regime for abuse of the GAAR;
- 3) Replace the double reasonableness test with an economic substance test;
- 4) Abolish the role of the advisory panel drawn from the tax profession who would have no role if the reasonableness test were removed;
- 5) Specifically extend the GAAR to the abuse of double tax agreements.

See also the section on transparency.

## **Corporation tax**

- 1) Increase the UK large company corporation tax rate to 30% with immediate effect;
- 2) Offer a two year 100% tax relief on corporate investment in plant and machinery and more limited allowances in the case of buildings, providing incentive to spend to reduce the overall rate of corporation tax due which cuts in tax rates are largely eliminating;
- 3) Introduce a minimum rate of corporation tax due (having taken the above investment allowances into account) on all UK resident companies;
- 4) Bring UK residence and permanent residence specifically within the scope of the UK GAAR;
- 5) Specifically make the OECD profit split arrangement for attributing income to states within multinational corporations the UK's preferred method for determining such issues in preference to the discredited arm's length pricing method;
- 6) Commit to planning for the introduction of unitary formula apportionment taxation;
- 7) Remove tax relief on all salary and benefit packages for any person within a group enjoying total salary and benefits (excluding pension contributions) exceeding £250,000 a year;
- 8) Announce review on replacement of the small limited company by a new corporate entity that taxes all UK resident owners at their marginal income tax rate on all profits earned if not reinvested in the business to remove the use of limited companies as tax avoidance arrangements;

9) Remove the patent box arrangement;

10) Introduce a UK corporation tax charge on all dividends received with credit for underlying tax paid to put an end to territorial taxation;

11) End the new exemption of offshore in-group financing companies;

12) Announce immediate review of CFC rules and seek OECD and EU cooperation.

### **Income tax**

1) Cancel abolition of the 50p tax rate;

2) Increase personal allowance in line with inflation, preferring a VAT cut instead;

3) Scrap new system of limiting tax reliefs and in their place put in place an absolute limit on the cash value of reliefs available to anyone (including personal allowances, pensions and investment related reliefs) for anyone earning over £100,000 per annum with the cash value of allowances reducing as income rises;

4) Cap the rate of tax relief on gifts to charities under the control of the donor;

5) Announce review on the integration of income tax and national insurance to be associated with introduction of a new, universal, family benefit to all available for work and all pensioners.

### **National insurance**

1) Cut employer contribution rate to 10% for a year;

2) Introduce an investment income surcharge on all unearned income over £5,000 a year excluding pensions (with a £25,000 limit for pensioners) to help pay for cut in employer NI contributions; to create a level playing field for those with earned and unearned income and to discourage the payment of dividends in lieu of salaries by small companies.

3) See reference under income tax to review of future arrangements.

### **VAT**

1) Immediate cut in main rate to 17.5% to boost economy.

### **Capital gains**

1) Align rates with income tax;

2) Reduce entrepreneur's relief over three years to £1 million;

3) Reduce annual allowance over 3 years to £5,000;

4) Deem all disposals by one spouse of an asset gifted from the other within three years of the date of the gift the gain of the original owner.

### **Inheritance and wealth taxation**

1) Announce a radical review of the tax to be replaced with a gifts receipt tax;

2) Announce review of wealth taxation to include:

a) Land value taxation

b) Reform of Council Tax

c) Wealth taxation.

### **Financial Transaction Tax**

1) The time for the UK to cooperate with other nation states in Europe on the introduction of a Robin Hood Tax has arrived. This is the budget when it should be announced.

### **Banking**

1) Announce that all banks will be required to wholly separate their investment banking operations from their Mainstream operations: the option of ring-fencing is to be removed and separation is to be mandatory;

2) Nationalise Royal Bank of Scotland and announce intention to be an active investor in Lloyds TSB.

3) Provide a combination of a national investment bank and regional banks (created from Royal Bank of Scotland if need be) with a minimum of £20 billion of capital from quantitative easing for direct investment in capital infrastructure and smaller business investment creating jobs in the UK;

4) Plan for nationalisation of the bank clearing system and inter-bank trading systems with banks being granted licences to use such infrastructure in exchange for a fee in future. Nationalisation to be paid for in gilts with restricted trading rights until certain economic performance criteria (less than 1 million unemployed, for example, are met).

### **Pension reform**

1) All pension funds to be required to invest not less than 1/4 of all new funds invested each year for the next five years in projects resulting in the creation of new employment in the UK in exchange for continued tax relief on contributions made.

Some designated gilts and capital of new national investment bank to be included in this arrangement.

2) By default new pension scheme contributions to be invested in low risk infrastructure based projects unless the pension contributor opts for another arrangement.

## **Green New Deal**

1) Announce a national programme of the sort now being promoted to insulate homes and business premises in Birmingham and provide specific support needed to local authorities to create such programmes by removing current legal roadblocks;

2) Specifically permit and encourage local authorities to raise borrowed funds (including from pension funds) to invest in new social housing.

## **Investing in regulation**

No reform package can be delivered if the resources to ensure it is effective are not available. This programme is backed by a commitment to:

1) Provide Companies House with a significant staff increase to ensure that the UK corporate sector is properly regulated from top to bottom and those transgressing are brought to account;

2) To provide HMRC with the resources needed to collect the taxes due in the UK and to comprehensively tackle the tax gap.

Both commitments are expected to deliver revenue yields many times in excess of their cost whilst creating new employment opportunities throughout the UK.

## **HMRC reform**

HM Revenue & Customs has developed a corporate culture inappropriate for a national tax authority. It is, in particular, dominated by the opinions of accountants, lawyers and business personnel representing the banking and large business communities. This is not in the national interest as a whole and a thorough review of the future structure of the management of HMRC will take place as a matter of urgency to ensure that it is fit for purpose.

## **Summary**

This is a radical programme. It includes current tax cuts, most especially by reducing VAT, but it also includes strong measures to reinforce investment in the most pressing areas of need. These are the creation of new jobs in the UK economy, in energy conservation and in new housing. To achieve this goal many of the reforms, for example in banking, pension reform and local authority borrowing are related as part of

an integrated and innovative package.

The problems of tax avoidance are tackled in a number of ways; by improving the general anti-abuse rule, by extending its scope, by reducing the opportunity to abuse income tax and capital gains tax rules, by beginning a package of small company reforms and as importantly by radically transforming corporate and trust transparency within the UK and its tax havens.

None of this can be achieved without increased borrowing in the short term and sources of this are indicated. The economic activity the package of measures that is proposed will create will generate a capacity to repay that borrowing in excess of the original sum borrowed. It is stressed, this is a debt reducing budget in a way that no austerity programme can be.

Finally administrative reforms to ensure that the culture of our civil service and the agencies responsible for collecting tax and regulating business are essential and all such issues are addressed.

This is not the budget George Osborne will announce. It is the budget the country needs.