

# Thames Water has, no doubt, acted legally. But that's n...

Published: January 12, 2026, 11:42 pm

---

As the [FT reports this morning](#):

*Thames Water has been slammed by public sector unions and politicians after the UK's biggest water company by revenue announced that it paid no corporation tax last year.*

*The disclosure reignited the controversy over aspects of the water sector's tax-efficient structures, which were criticised as ["morally questionable" by Ofwat](#), the industry regulator.*

To put this [in context the Chair of Ofwat has said](#):

*In the complex offshore ownership of some [water] companies, a good number use high coupon shareholder loans to improve equity returns from the regulated entity and apparently to reduce tax liability. This is not for Ofwat, but may be morally questionable in a vital public service.*

*We have not yet found a regulated water company that fully complies with the UK corporate governance code or satisfactorily explains why not.*

So let's be clear, what Thames Water is doing is legal.

It's also intended to avoid tax. And to strip profit.

In that case the point is not whether this is legal: it is whether it is ethical and in that case whether the law is justifiable or in need of change.

And let's not say Thames is blameless in all this. If they were not exploiting the situation the question of change would not arise, but they are, so they are completely responsible for the criticism they are receiving.

The question is, will anything happen? When water is vital to life, are we going to allow ourselves to be exploited by offshore private sector interests to secure it, or will we just accept it? And if politicians aren't discussing this, what are they for?