

The objectives of the UK Corporate and Individual Tax a...

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The UK Corporate and Individual Tax and Financial Transparency Bill [which was published yesterday](#), and about which I have [already written here](#), has the following objectives:

1. To provide additional information on the trading of multinational corporations including the accounts of all their subsidiary companies so that:

- a. Investors are better informed on the risks those companies take;
- b. Better investment decisions are made by investors because:
 - i. They have the information on which to base those decisions and
 - ii. They can measure the consequence of their decisions.

This has the result of reducing the risk inherent in investing, and so lower the cost of capital for a company. That makes it easier for it to raise money and so increases its likelihood of profit whilst at the same time increasing the chance that it will invest meaning it will grow faster and create more jobs in the process;

- c. There is information available on the trading activities of all members of the group of companies making up the multinational corporations whether required by local law or not;
- d. Information on where profits are earned and tax is paid is available for all group companies;
- e. The use of tax havens by multinational companies is made transparent;
- f. Civil society throughout the world has better understanding of the operations on UK multinational corporations in all the places where they trade.

2. To place information on the tax returns of the largest 250 UK based

companies on public record so that greater understanding of their activities and the way in which they operate is available so that:

- a. The tax affairs of the largest corporation tax payers in the UK are on public record so that they can be better understood;
- b. Investors have better understanding of the tax risk inherent in those companies in which they invest;
- c. A greater understanding is created by the availability of data on the operation of the UK corporation tax system so that informed debate on its reform can be facilitated;
- d. Civil society can make informed decisions on the taxation affairs of the largest companies with which they engage.

3. To ensure that the tax returns of the highest earning individuals in the UK are available for public scrutiny so that:

- a. An understanding of the income profiles of the highest earners in the UK is available on public record. Currently available data does not provide sufficient information for the impact of this highly influential group in society to be understood for policy making purposes;
- b. The use of tax reliefs by this group in society, who are likely to benefit most from them, is better understood to inform debate on future taxation policy;
- c. The impact and influence of this group in society is understood by the rest of society so that informed decisions on the way in which wealth is used to influence policy can be made;
- d. The composition of the income of the wealthiest can be better understood so that the potential impact of wealth taxation can be better appraised.

4. To ensure that the beneficial ownership of all UK companies is properly recorded and disclosed on public record, backed by disclosure by those banks and other financial institutions that have to assess the accuracy of this information for money laundering purposes with penalties for non-compliance being imposed so that:

- a. The identity of those making use of the privilege of limited liability that has been granted by society is known;
- b. To ensure that those trading with a limited company are properly informed of those with whom they are engaging to limit the risk of trading with such entities arising from fraudulent trading and related issues;
- c. To identify those making use of limited liability companies to HM Revenue & Customs

and to provide that authority with access to the trading records of such companies if those responsible for managing them fail to provide the information required by law, and to make those persons responsible for that failure personally liable for the debts of the company in that case, including that for tax owing;

d. Companies House do not permit companies to be dissolved that are likely to have debts owing, so preventing the abuse of the creditors of such companies.

5. To extend the requirement that companies make known those who beneficially own them to the Crown Dependencies and those British Overseas Territories that have a significant financial services industry presence by requiring that the disclosure requirements of the Act be extended to those places by way of an order of the Privy Council. However, this would only be required if it was shown as a result of money laundering due diligence processes that the beneficial owner or owners of a company in any of those locations was resident outside them. The Act would not apply to a locally owned company in either the Crown Dependencies or British Overseas Territories, so respecting the convention that the UK parliament will not interfere in the domestic affairs of those jurisdictions but will only concern itself with their external affairs.

This is proposed so that:

- a. The identity of those using tax havens is made available on public record;
- b. Those using such locations can be taxed with a greater degree of probability;
- c. People are deterred from using such locations;
- d. Those trading with companies based in such locations do not face increased risk as a consequence of doing so;
- e. The accounts of companies registered in such locations are available on public record if they are likely to engage in international activities meaning that such disclosure is an issue relating to the external relations of such places and therefore within the scope of the responsibility of the UK with regard to them.

6. To require that UK trusts be registered with H M Revenue & Customs or they will be considered invalid, and to require that H M Revenue & Customs publish data on some of those trusts on public record with the property of trusts not making the required declarations being declared the property of the Crown so that it can be ensured that:

- a. The existence of all trusts is disclosed;
- b. That all trusts are taxed;

- c. That the settlors and beneficiaries of all trusts are properly identified to H M Revenue & Customs to ensure that their tax affairs are also correctly stated;
- d. That trusts that own companies disclose their beneficial ownership on public record so that company ownership cannot be disguised by the use of a trust arrangement;
- e. That trusts likely to manage material sums are accountable on public record as are companies in similar situations.