

What if the UK's tax havens ignore Ed Miliband's threat...

Published: January 13, 2026, 12:21 am

The extraordinary response from the UK's tax havens to [Ed Miliband's demand that they create public registries](#) of the ownership of the companies that are located in their jurisdictions is to say that the sanction that he has proposed is not tough enough. The message could not be more clear. They are saying that they will ignore the reasonable demands of a UK government so that they can continue to make available the secrecy that supports tax avoidance, tax evasion and a multitude of other crimes including money laundering and people trafficking unless they are forced to comply.

Perhaps as astonishing is the fact that the Conservative Party seems all too keen to queue up beside them.

In both cases rather than deal with the very real issues that the opacity of tax havens deliberately creates for governments like that of the UK in upholding the law those places and Conservative politicians would instead prefer to say that until a big enough stick is waved at them they will ignore any threat and will instead continue to make money from facilitating corruption.

The result is that more serious sanctions have to be threatened. Numerous are available.

First, we could legislate for these places. It was decided we had the right to do this in the 1970s in the Kilbrandon Report and nothing has changed since. We remain wholly responsible for these territories internationally and they are considered UK territory for international legal purposes. As such we can, of course, legislate for them. We choose not to do so if they act responsibly but have the right to do so if they do ignore reasonable requests or harm our foreign affairs, as their facilitation of tax abuse undoubtedly does. And for those who doubt our right to do this, please note we also have the right to impose direct rule if we wish, as we have done in the case of the Turks & Caicos Islands at present. This is our back stop: comply, or we will make you do so. No one would want to do this: everyone has to understand it is possible.

Second, we could impose far tighter money laundering regulation on these places to

simply slow down the flow of funds to and from them by demanding that they be subject to much higher controls.

Third we could withdraw a wide range of concessions they currently enjoy. So, for example, the Channel Islands and Cayman stock exchanges could have their recognised status for tax purposes stripped from them. Or we could require that tax be withheld on all interest payment made to these places. And we could could sanction any organisation seeking financial services regulation that put arrangements in place to get round such measures. We could also require that Jersey, Guernsey and the Isle of Man be removed from the BACS bank clearing system. These are economic sanctions. They have worked against Russia. They certainly could against our tax havens.

So, the blacklisting that Labour proposed was a polite request. But if these places do not cooperate plenty more options are available, up to and including sending gunboats, which we have the absolute right to do. It just requires Labour to get tough. And the tougher they got the more popular they would be. The tax havens might be wise to take note. As too might the Tories.