

Tax haven UK is a domestic and international economic d...

Published: January 13, 2026, 10:22 am

The Jersey economy, as I have often pointed out, is the surest evidence that slashing corporate tax rates does not work only guarantees one thing, [which is a giant black hole in public finances](#). But a Sunday Times email this morning says:

The Sunday Times reveals this morning that one of the biggest cards the government thinks it has to play is to wield the threat of a huge cut in business taxes. Under the plan the UK would cut the headline corporation tax rate from 20 %to 10 % if Britain's EU rivals blocked a free trade deal with the UK or refused to give financial services firms the "passports" they need to gain access to the European market.

They believe that would encourage firms to stay and make the UK a magnet for new companies, as Ireland and Singapore have become.

There are three things to say in addition to noting the Jersey style domestic economic disaster that such a policy would foretell. First, Ireland and Singapore attract business because they are conduits to markets but the UK will be giving up that role with the EU: the tax incentive will count for nothing in that case.

Second, Ireland and Singapore (et al) made their mark in the era of intense tax competition and little cooperation. In the era of country-by-country reporting and tax cooperation that opportunity will be gone. The UK cannot win from this policy in that case.

Third, the EU is already looking at preparing a list of tax havens against which to apply sanctions. The UK looks as though it has just applied for membership. I have no doubt it would have some pleasure in imposing them