

Tackling tax avoidance through UK limited companies is a...

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I am quoted [in the FT](#) this morning in an article on how to reduce tax bills:

Recent dramatic falls in the corporate tax rate – from 28 per cent in 2010 to 20 per cent today, with plans for a further fall to 17 per cent by 2020 – have made companies a popular vehicle for tax planning. When it comes to avoiding tax, Richard Murphy, a professor at City University who campaigns for the closure of loopholes, says: “The big options are incorporation, incorporation and incorporation.”

I did indeed say that: I remember doing so when waiting for a plane in Copenhagen recently. Why did I do so? Three reasons.

First, NIC avoidance using companies is now rampant. It's costing the country literally billions a year for no economic gain.

Second, the corporation tax rate is now falling below the income tax rate. It's as if the government wanted to promote tax avoidance for anyone who has money left over at the end of the week. All they have to do is put it in a company and they're virtually bound to win.

Third, with company regulation so poorly enforced in the UK there is little impediment to undertaking this tax abuse.

But as the FT notes, I made these points for a reason. I want the loopholes closed. I am not promoting them. It's my hope they will be soon. It's an obvious test for this government's real willingness to beat tax abuse and deliver a fair society. But will they rise to the challenge?