

## The threat to the UK's tax base

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A journalist asked me three questions on threats to the UK's tax base in the next decade this morning, in writing. I thought I'd share the responses:

**1 - What do you see as the top threats to the UK tax base during the coming decade?**

- a) Brexit crashing incomes
- b) Fraud arising from a lack of HMRC resources to deal with new tariffs and new tax deals resulting from new trade deals
- c) On line abuse when we lack the back up of the EU
- d) The corporation tax base as the UK tries to be a tax haven using ever lighter regulation that basically means tax declaration will become even more voluntary than it already is
- e) The domestic tax gap as HMRC ceases almost all compliance checks for VAT and other taxes

**2 - One of the threats to National Insurance revenues is said to be the growth of the "gig economy". In what ways, if any, do you feel governments should seek to solve the growing disparity between the NI tax take from employed and self-employed people?**

Abolish NI over time and replace it with a progressive consumption tax charged on the flows through a person's bank account (having allowed for transfers between related accounts). This is green taxation and it does not penalise jobs, which is the last thing we need to do as we head for automation. Tinkering with NIC is pointless. We need a financial transactions tax for a new era.

**3 - The OECD's Base Erosion and Profit Shifting (BEPS) programme has been making slow but steady progress. In broad terms, what do you feel ought to**

## **be the programme's priorities?**

- a) Public country-by-country reporting to embarrass multinational corporations into complying
- b) Cooperating with the EU on the Common Consolidated Corporate Tax Base
- c) Completing work on digital permanent establishments

The first is yield

The second is bringing CT into the 21 st century

The last is the same objective from a different angle.