

## The UK government is paying lip service to tax justice

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The [Tax Justice Network reported](#) yesterday that:

*Analysis of more than 600 US multinational corporations has revealed that 12 per cent failed to comply with UK law requiring them to publish their tax strategies. With the UK estimated to lose £25 billion in corporate tax revenue each year due to multinational corporations shifting profits out of the country<sup>1</sup>, campaigners are calling on the UK government to enforce the law fairly and to also make use of a more rigorous transparency legal power that the government acquired in 2016 but has so far shied away from exercising.*

I will not summarise the rest of the findings: they are worth reading. I instead make one, essential point. And it is that, as I said last weekend in a comment widely reported in the media, the UK government is not delivering on tax justice.

In this case, it enacted what might appropriately be called a pathetic piece of legislation. It requires multinational companies to report solely on their UK tax risk, thereby deliberately missing the fact that the tax risk in multinational companies is almost entirely in their international transactions.

And since passing the law it has done nothing to actively enforce it as far as anyone is aware, meaning that token gesture compliance, as found by TJN, and even non-compliance, as also found, goes unpenalised.

The signal that this send is obvious and, I have no doubt, is deliberate. What it says is that the UK government thinks that it can pass gestures to pacify tax justice demands for real reforms and then send simultaneous message that the gestures will thereafter be ignored to those who are supposedly required to comply with them. In other words, they do not take this issue seriously.

I strongly suspect that this is true of the current government.

But the demands are not going away.

And wiser companies, and governments to come (and I can live in hope) will heed the demand for information on just how a company really does manage its tax risk. Their reward will not be in heaven. It will be in better perception of its activities in markets. And that has cash value. Which is why this is going to happen.

The government should take note.

As should the auditors who are not commenting on the failure.