

## The Jeremy Vine Show today - and excess profits tax

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I will be on the Jeremy Vine Show today on BBC Radio 2 talking about companies that have done well out of the coronavirus crisis - because some have.

I never know what the questions might be before going on air, but one thing I think we might talk about is an 'excess profits tax'.

We had one from 1939 to prevent companies from profiting from the crisis that the war created. In 1940 the tax rate went to 100%:

### PART III.

#### EXCESS PROFITS TAX AND NATIONAL DEFENCE CONTRIBUTION.

**26.**—(1) Section twelve of the Finance (No. 2) Act, 1939, (which charges excess profits tax) shall, in relation to an excess of profits arising in any chargeable accounting period beginning on or after the first day of April, nineteen hundred and forty, have effect as if, in subsection (1) thereof, for the words “equal to three-fifths of the excess” there were substituted the words “equal to the excess.”

Raising of  
rate of  
excess  
profits tax.

I certainly won't be proposing a tax at that rate, but such a tax at a reasonable rate is possible, I think, and the fact is that as in so many other areas, there is a need to rethink just what the role of our largest companies might be in the post coronavirus era.

We now have the concept of 'essential workers'. It would seem to me that we now have essential companies. These are companies that are not only too big to fail, but impose too great a cost on society by failing. However, because companies are so diverse in the nature of their operations that we cannot be sure which companies are essential, and so have to treat all as if they are.

In the short term pressure can be brought to bear on companies that are receiving bailouts, loans and furlough support - as a great many are. Conditions can and should be attached, including:

- \* An end to dividends and share buy-backs whilst state support continues;
- \* An end to executive pay increases and a move to more reasonable bases for pay in the future;
- \* A tax governance policy that requires full disclosure on public record;
- \* A requirement that the use of any place suggested to be a tax haven be explained by the company;
- \* Full country-by-country reporting on public record for all multinational corporations based on the GRI standard for disclosure so that we can see what use is made of tax havens, and where tax is, and is not, paid;
- \* Full accounts on public record for all companies that have received any form of state aid, and full tax disclosure explaining the tax change in all those accounts;
- \* The option for the state to convert loans made to companies into shares, which the company could only buy back at a premium;
- \* A commitment to a proper regionally calculated living wage for all staff;
- \* Full recognition of union rights;
- \* Publication of a gender pay gap;
- \* A commitment to become carbon neutral and agreement to publish progress towards that aim using the approach suggested in [sustainable cost accounting](#).

Why do this? Because society is helping a majority of companies to survive this crisis. I support that, but there is a quid pro quo to be had in exchange. Some of that is short term as noted above, but with colleagues at Sheffield University, Copenhagen Business School and Queen Mary, University of London, I am working on longer-term proposals right now that rethink the corporation for this new era. There will be more on this very soon, but we need new accounting, new concepts of capital, new forms of scouting for environmental change and an acceptance of a duty to all in society and not just shareholders if the corporation is to survive. We cannot go back to where we were.