

UK company law and tax enforcement is so bad itâ€™ ...

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The [Guardian ran an excellent article yesterday](#) on the likely tax abuse inherent in the outsourced Covid track and trace contracts. As they recounted:

Many workers employed across the £37bn [NHS](#) test-and-trace service are being paid through networks of opaque small companies that experts fear could be defrauding the Treasury via a notorious tax scheme.

They added:

Tax experts and unions fear weak controls by outsourcers and government agencies, and a complex chain of companies supplying labour for the service, which was created from scratch a year ago, have raised questions over the transparency of the system and left it wide open to abuse.

The scheme — which involves what are known as mini umbrella companies (MUC), often fronted by directors in the Philippines — allows employers to dodge their national insurance contributions, and is estimated to cost the taxpayer hundreds of millions a year.

Creating such systems of abuse is probably easier in the UK than it is anywhere else in the world because in this country companies can be bought for less than £20 with no proof of identity required; there is no effective monitoring of shadow directors, and HMRC are exceptionally lax when it comes to regulating new companies. A company has to only declare that it has never traded and the chance that HMRC will ever investigate that claim is near enough zero. The claim is simply accepted at face value.

I have, of course, been pointing this out for more than a decade now, and literally nothing has been done to address the issue. Companies House remains as useless as it has ever been, and as Prem Sikka pointed out in the article, there is no effective company regulation in the UK at all.

So, we will lose hundreds of millions if not billions and yet claim there is no resource to create effective company monitoring. It's almost as if the government wanted to permit

tax abuse and to allow its own revenue to be undermined. Who would have imagined it?