

If we want a decent society ministers have to take thei...

Published: January 12, 2026, 9:04 pm

There was an article in the Sunday Times yesterday on the creation of what are being called 'burner companies'. The links are in this Tweet I put out yesterday morning but did not have energy to follow up on at the time:

https://twitter.com/RichardJMurphy/status/1596758946593001472?s=20&t=INobrtOg9_DqjG1uF2vcwA

I think this issue is as important as I did when I did research into the shadow companies (as I called them) that have for far too long been a feature of the U.K. economy. The reports I wrote on this issue in 2010 and 2014 (the more relevant one now) [are still available](#).

Despite government promises, nothing has really been done on this issue since I last wrote a report on it. Whilst company formation agents should now supposedly prove the identity of those acquiring companies this is a completely meaningless control when anyone can register a company with absolutely no effective checks on any of the data supplied by asking Companies House - a government agency - to do it online instead.

As I noted years ago, the only data ever checked in the past was that the postcode supplied with regard to data was a real one. It seems from the Sunday Times article that even this is now circumvented by simply using any address picked off the web, which appears to be the theme of the Sunday Times article. People are finding their houses the supposed registered offices of companies they have no association with. It's a new variation on identity theft, long common in this area.

But let me also be clear: allowing companies to be authorised in this way and without any checks is all about the government officially sanctioning and licensing identity theft, because a company is a legal person hiding the identity of others unless strong regulation is in place. I have long accused the government of assisting identity theft because of its negligence in this area. And it is not just the UK that is impacted. I remember the time when I was told by a Norwegian taxicab driver that every taxi in Oslo was operated by a separate UK company because they were much cheaper than

Norwegian ones, and no one enforced the law on tax or accounting on them.

No one enforces that regulation here either. As I showed in 2014, HMRC did then (and still does, as far as I know) accept absurd assurances from directors of new companies that they never intend to trade and then does not ask for a tax return, without any further evidence being required for up to five years.

As bad was the fact that my research showed that of the 40% or so of companies that they did actually ask for tax returns from (or around 2 million a year) maybe 20% never submitted a return and HMRC simply accepted that absence of a return as evidence that there was no tax to pay. They had not a clue whether that was true or not.

In 2014 I suggested how this problem of missing data on which companies were really trading or not could be resolved: this could be easily done by simply requiring every UK bank and financial services organisation to file an annual list of all the companies they serviced, stating the number, identified beneficial ownership, their addresses and either a) the sums deposited in their bank accounts in a specified annual period or b) their annual sales, and the likelihood that those companies that were trading and which actually had a tax liability could then be identified would have been transformed from being very low to very high. I even wrote legislation that was presented to parliament by the late Michael Meacher MP and then by Labour to achieve this goal, but the Tories were not interested.

The problem has got much worse since the last time I worked on this issue. The number of net companies in the UK has gone up in less than a decade from 3 million to 4.5 million or so, net of those being removed.

Staggeringly, the number of companies being formed a year has grown from around 480,000 a year a decade ago to [little short of 800,000 a year now](#).

The number being dissolved a year has also nearly doubled, from a bit over 300,000 a year in 2012/13 to maybe 600,000 a year now.

Let me put this in context. There were [625,000 live births](#) in the UK in 2021. There were coming on for 800,000 corporate births. This is utterly inexplicable for legitimate reasons.

The difference is that life expectancy of the corporates was much lower. Many only last a year or so. As my research has found, vast numbers never file any accounts or confirmation statements with Companies House before the Registrar of Companies removes them from the Register of Companies on the basis of an assumption that they have never traded, which could of course be totally misplaced. The consequence is that all their crimes are wiped from the record for them. You could not make a system so friendly to the criminal up.

I would, however, actually go further than say this careless attitude to the striking off of companies from the UK Register of Companies is the result of a misplaced assumption by the Registrar. I would describe it as reckless, irresponsible and criminal, in itself.

That is because there is no way that the UK needs to incorporate 800,000 new companies a year to support legitimate business activity in this country. The latest [corporation tax statistics](#) show that just over 1.5 million companies paid corporation tax in 2020/21. There were, of course, also loss-making companies, but it is unlikely that many more than 2 million companies trade. Saying this, I also acknowledge the role of dormant companies, but many of them exist for long term purpose and the problem within the corporate sector is not long-term dormant companies but the massive churn of newly formed companies.

Of course some of these companies with brief lives are innocently formed - and never do a thing. But to let people form companies and then be negligent about the legal responsibilities arising from doing so is an act of negligence by the state in itself, and those involved should have personal liability for penalties for non-compliance, which absurdly fall in the limited liability entity right now, meaning none of the fines due for non-compliance are almost ever paid, as my research also showed.

For exactly that reason proof of identity should be required of all company officers and major shareholders, and they should be liable for the failure of the companies they operate to file documentation, even if it has not traded.

In addition, the system of automatic information exchange from banks and other financial services companies I have noted above should be in operation so that those making false returns can be identified - and be held to account for it.

Because these things are not happening a near-perfect corporate criminogenic environment exists in the UK. As a result three things happen.

First, all regulation is undermined and honest business suffers, badly as a result. It is simply undermined.

Second, income and tax is not reported. As I have always argued, HM Revenue & Customs massively underestimate the amount of unpaid tax in the UK, which could easily be three times the £35 billion or so they admit to each year (the repetitive coincidence of which reporting makes it, in itself, very hard to believe).

Third, GDP is also seriously under-reported. That is because my sources suggest this issue is not taken seriously when GDP is estimated in the UK. Other countries include bigger estimates of their shadow economies: we deny the truth.

The net outcome of this denial is the perpetuation of a policy so opposed to the well-being of business and a crime-free society that I can say that in my opinion successive ministers have been and are criminally culpable facilitators of crime when

failing to take action to address this issue.

If we want a decent society ministers have to take their duties to regulate, to tax and to stamp out criminal abuse seriously. Our government treats all three as a joke. Do you wonder that we are in trouble?

NB: I wrote this yesterday. As regular readers will know I have been suffering from long-Covid-related issues in the past week or so (again). If there are remaining typos I apologise.