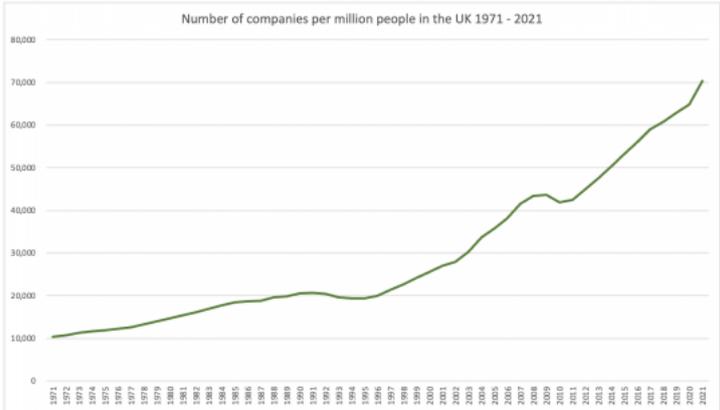


The UK company birth explosion

Published: January 13, 2026, 9:39 am

Earlier this week, [I noted the problems](#) with the management of UK companies by Companies House, the failed regulator that supposedly has charge of this sector.

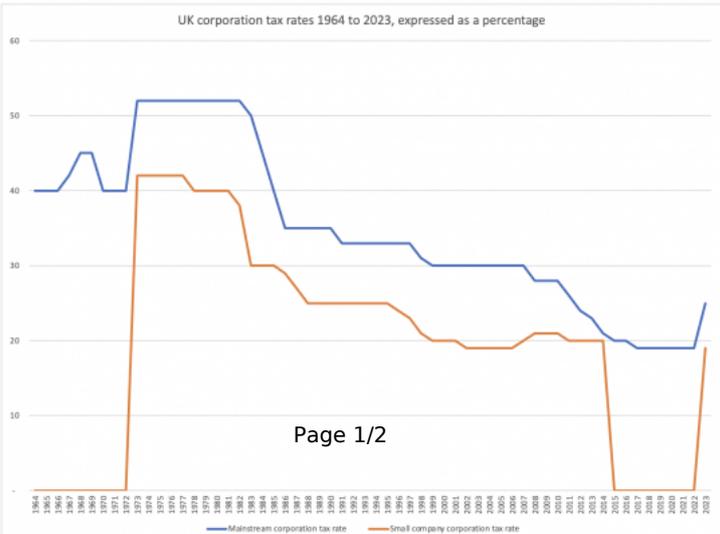
To put the issue in context, I plotted this chart yesterday:



Data is from Companies House and the Office for National Statistics.

The growth is absurd. There are now more companies incorporated in the UK each year (801,000 in 2022-23) than there are live births (fewer than 700,000).

There are a number of explanations. Tax is one of them:



Note the downward pivot in rates in the mid 1990s at the time the number of incorporation began to rise.

There is also an accounting dimension. As [I noted in a 2014 report](#) on the use and abuse of limited liability companies, the relaxation of accounting requirements has also had a major impact on this issue.

The 1967 Companies Act required that all companies place their full accounts on public record.

The 1985 Act allowed for abbreviated accounts to be filed.

But, more significantly, between 1993 and 1999 the audit requirement for most small companies was abolished, massively reducing the cost of running them and basically leaving the whole sector unregulated since Companies House does almost nothing whatsoever to enforce UK company law. That, followed by some tax folly by Gordon Brown early this century, sent company use ever upward.

The chance that a change promoted by low tax and low regulation has not been significantly abused is a long way from zero. That is my concern.

This is an issue I will be returning to because the currently proposed reforms by the government are far from adequate.