

The UK's missing companies

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I posted this video on YouTube and elsewhere this morning:

https://youtu.be/_Ed8N4wRIZs?si=fV8y_sl_bRoJP_qP

In case the video does not show, [the link is here](#).

The transcript is:

We do not know what at least half the companies in the UK are doing, which is absolutely staggering when those companies may exist to undertake fraud and abuse us.

Why is this possible? Well, because it is so easy to form companies in the UK. You don't even have to physically sign a form to pay £12, get Companies House to incorporate your company, and then you have what is in effect licensed identity theft, which you can hide behind to undertake fraudulent activity, collect money, trade without ever having any intention of telling the Revenue that you are, not pay your taxes, then throw your company away at the end of a year or so, and form a new one.

How do I know this is happening? Well, because, the data from Companies House shows it. There are 5.3 million companies in the UK at the time that I'm recording this. Of those, half a million are being got rid of at the moment - meaning nearly 10 per cent of all companies in the UK are currently in the course of being dissolved - many of them by Companies House because they've lost touch with the companies in question. Many more will be because they paid £10 to say they don't trade any more, and could they please be struck off? and please don't ask any questions because that's, in effect, what happens. We are literally letting these companies trade without telling HM Revenue and Customs.

How do I know that? Well, in the last year for which we've got data, HMRC only got

corporation tax returns from three million companies of whom one quarter weren't trading. So that leaves only 2.2 million or so companies which were actually declaring that they had positive income, of which only 1.5 million said they were actually making profits. About 160,000 said they were making losses, and the rest said they were getting other income like interest, rents, or dividends, for example as companies within groups. But what we do, therefore, know is that the majority of the companies in the UK aren't actually paying any tax at all, and you have to ask why they exist.

I know the answer to some extent. I've been a director of a company that never traded because it existed to protect the name of a website. So, yes, that's possible. But those companies should be filing tax returns. They should also be filing full accounts, which I admit Companies House is now beginning to address.

But they're not getting the data to HM Revenue and Customs. There are two ways to get around this. One is to make directors of companies that don't declare their tax liabilities personally responsible for the taxes they evade. It would be simple, straightforward, and fair to do that. After all, they're the people who are cheating.

Secondly, get our banks to tell HM Revenue and Customs every year which companies in this country they supply services to, who runs them, and tell HM Revenue and Customs how much they bank for that company and what the bank balance was at the end of the year. Then we'd know which companies who are not declaring their income need to be chased and who might be liable for the money that's owed.

We could do that.

If we did, we'd have fair competition, we'd have fairer taxation, and we'd stop this criminogenic environment existing which is undermining the fair trading of honest people in the UK. And we'd have a more vibrant economy as a result.

So why aren't we doing it? I just don't know because it would pay for a better society in every way that I can imagine.

There is much more on this in the [Taxing Wealth Report 2024](#).