



Fair Tax Nation: UK public attitudes to corporate tax conduct

Research supported by **unity** trust
bank 

Fair Tax Nation: UK public attitudes to corporate tax conduct

Contents

Executive Summary	3
Introduction.....	4
Say what you pay with pride.....	5
■ "Celebrate"	5
■ "Shop with"	6
■ "Work for"	7
Fair Tax Mark: the gold standard.....	7
■ "Trust"	7
Show me the money.....	9
■ "Lift the lid on multinationals"	9
■ "Small business transparency"	10
Procurement and conditionality	11
■ "Ethical public procurement"	11
■ "Grant support conditionality"	12
About the Fair Tax Foundation.....	13

Executive Summary

The UK public care about many issues, but 'tax justice' is consistently at the top of their concerns when it comes to corporate conduct. The country is very much a Fair Tax Nation, with the vast majority of the UK public wanting to see Government do much more to ensure that all businesses, both large and small, pay their fair share of tax.

The Fair Tax Foundation has been polling the UK public annually on matters of corporate tax conduct and financial transparency since 2017. This report details the findings and analyses the emerging trends.

It reveals not just concerns, but a desire for action and legislative change. An overwhelming majority of the public believe that:

- multinational businesses should be forced to disclose how much income, profit and tax they pay in each country in which they operate;
- small business should also have to publicly disclose the taxes that they do or don't pay in the UK;
- all businesses benefiting from Government bailouts should have to agree to a set of conditions that prohibit tax avoidance and enforce responsible tax conduct;
- public procurement tenders (be they national or local) should consider a company's ethics and how they pay their tax, as well as value for money and quality of service.

The research also reveals that the UK public show a strong propensity to 'shop with' and 'work for' businesses that demonstrate responsible tax conduct – with support at levels that compares favourably to other ethical concerns. There is also a strong desire to see a 'celebration' of those businesses that pay the right amount of tax, and who overtly shun the artificial use of tax havens and contrived tax avoidance practices. There has been a small fall in support during 2023 as the 'cost of living crisis' has taken hold, but the desire to encourage and reward good practice remains very strong.

There is also a potential emerging area of concern. The UK public heavily favour HMRC (and Fair Tax Mark accreditation) as trusted verifiers of good corporate tax conduct. However, trust in HMRC in 2023 has fallen to the lowest we have seen in our polling. This is worrying. There is a significant correlation between tax morale and tax compliance in both developing and developed countries.¹ Put simply, you are far more likely to pay your taxes if you think everyone else does so. Conversely, if you think that your neighbours are 'at it', then you are much more likely to seek to dodge taxes yourself. The UK tax system relies in large part on voluntary tax compliance.

The fall in trust in HMRC is likely a consequence of the much publicised challenges it has faced as significant numbers of staff were redeployed to work on Brexit and Covid 19 support schemes. HMRC opened fewer tax enquiries and prosecuted far fewer people for tax evasion during the pandemic. Tax revenue directly attributable to HMRC compliance activities has fallen. HMRC does excellent work, but it is under resourced, despite the fact that for every £1 that HMRC spends on compliance activities, it recovers £18 in additional tax revenue. The UK Government needs to pursue a step change in the resourcing of HMRC's compliance activities – this will not only enable the recovery of billions in lost revenue, but also ensure that trust in this venerable institution is rock solid.

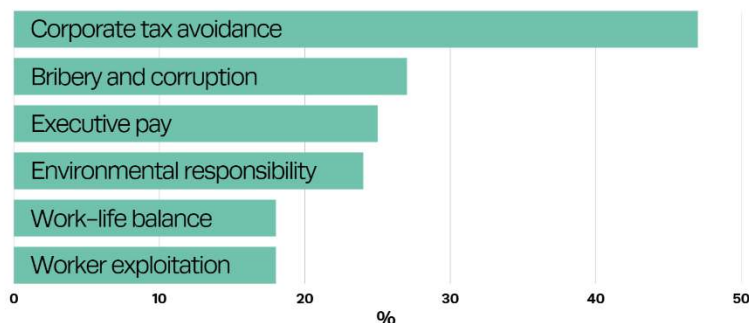
¹ OECD (2019) Tax Morale – What Drives People and Businesses to Pay Tax? See <https://www.oecd.org/tax/tax-morale-f3d8ea10-en.htm>

Introduction

The Fair Tax Foundation has been commissioning annual polling into the UK public's attitudes to corporate tax conduct since 2017. Polling was based on an omnibus survey of a nationally representative sample of c.2,000 adults across Great Britain.²

Previously, the Institute of Business Ethics (IBE) has roundly demonstrated that 'corporate tax avoidance' is the country's number one concern when it comes to corporate conduct. It topped the UK public's list of concerns for an astounding tenth consecutive year in 2022. Moreover, the level of disquiet was at a record high, with 47% citing it among their top three ethical concerns when questioned in their annual survey.³

In your view of company behaviour, which of these issues most needs addressing?



Attitudes of the British Public to Business Ethics survey, 2022, Institute of Business Ethics

Also noteworthy was that 'bribery and corruption' is now the second most cited concern for the first time in twenty years of polling by the IBE. This is likely a consequence of the increased general awareness of the UK as a global hub for dirty money and corruption, following Russia's invasion of Ukraine and the exposure of various connected kleptocrats and their ill-gotten illicit wealth. Together, with prominent coverage of the substantial fraud that is being suffered by the UK's covid support schemes.

The Fair Tax Foundation's research looks at the components of these strong attitudes towards corporate tax conduct and transparency, in particular the areas of:

- celebrating and supporting responsible tax conduct
- the impact of Fair Tax Mark accreditation
- improved multinational financial transparency
- improved small business financial transparency
- public procurement considerations
- government bail-out conditionality

This report looks at what the UK public has been expressing to us in polling over the last seven years, and draws on other comparative research to explore the degree to which 'corporate tax conduct' is an area of concern. It also explores what this means for business, legislators and other agencies.

With thanks to Unity Trust Bank for sponsoring this year's polling and the production of this report.

² Research undertaken by Walnut Social Research, formerly known as ICM Unlimited. Polling was undertaken over April-May, except for 2017, when polling took place in January.

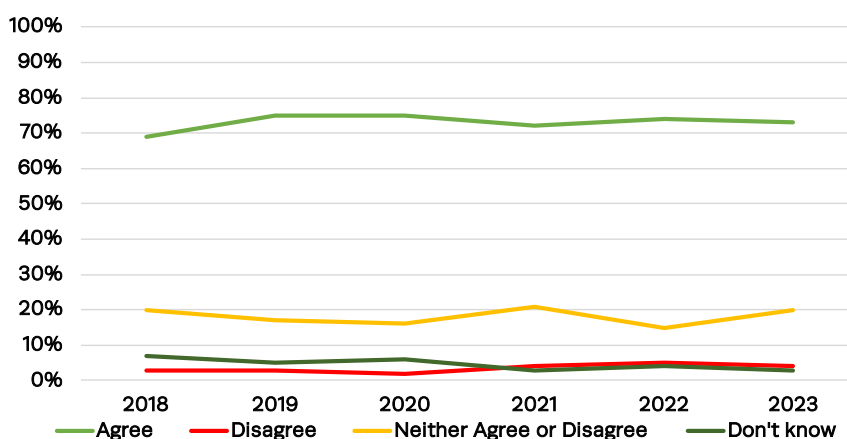
³ See <https://www.ibe.org.uk/resource/publicattitudes2022.html>

Say what you pay with pride

■ “Celebrate”

In 2023, almost three quarters of respondents (73%) said that they believed ‘it’s important to celebrate those businesses who can demonstrate that they pay the right amount of tax, and who overtly shun the artificial use of tax havens and contrived tax avoidance practices’. Over the last six years, support has never dipped below 69% (2018), and disagreement with this statement has never exceeded 7%.

It’s important to celebrate businesses who can demonstrate that they pay the right amount of tax and who overtly shun the artificial use of tax havens & contrived tax avoidance practices*



*To what extent do you agree or disagree with the following statement?

There is a marked difference in attitude depending on age (albeit with

agreement still being very positive across all groups): with 85% of 75+ year olds agreeing in 2023, compared with 61% of 18–24 year-olds. The reasons for this are unclear, especially as propensity toward ‘ethical consumerism’ generally tends to decrease with age.⁴ Possible factors include: older adults being more reliant on public services; younger adults having more exposure to the gig economy and being more ‘comfortable’ with businesses linked to tax avoidance; and a generational shift in values.

The Fair Tax Foundation runs an annual Fair Tax Week, in recognition of the businesses that are proud to promote responsible tax conduct, and as a celebration of the positive contribution this makes to society.⁵ Tax is often presented as a burden, but it shouldn’t be. Not when considered against the huge array of public services it helps fund. From education, health and social care, to flood defence, roads, policing and defence. Corporation Tax also plays a crucial role in holding the whole tax system together, helping to counter financial inequalities and rebalance distorted economies.



⁴ See, for example, [Retail Week \(14.3.2022\)](#). Two-thirds (66%) of 18 to 24 year-olds are ‘more likely to buy from a retailer or brand that has strong ethical and sustainable credentials’, compared with 46% of those aged 65 and over.

⁵ See <https://fairtaxmark.net/supporters/fair-tax-week/>

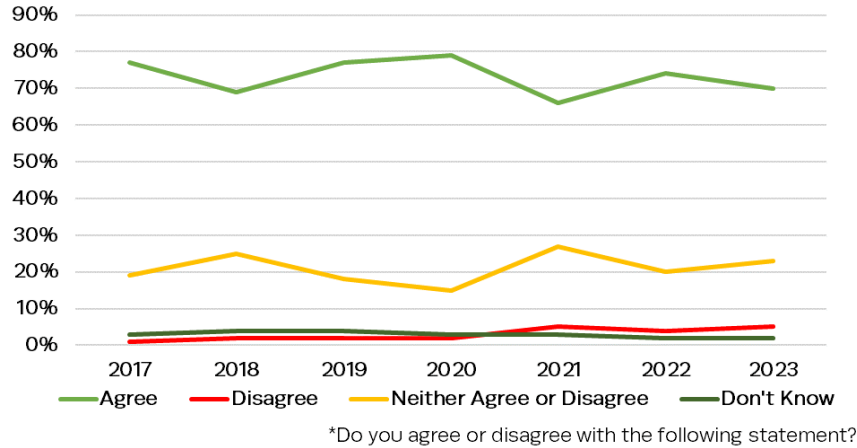
■ **“Shop with”**

In 2023, the vast majority (70%) of the UK public would ‘rather shop with a business which can prove that it’s paying its fair share of tax’. Over the last seven years, support has never dipped below 66% (2021), and has reached as high as 79% (2020).

Disagreement with this statement has never exceeded 4%.

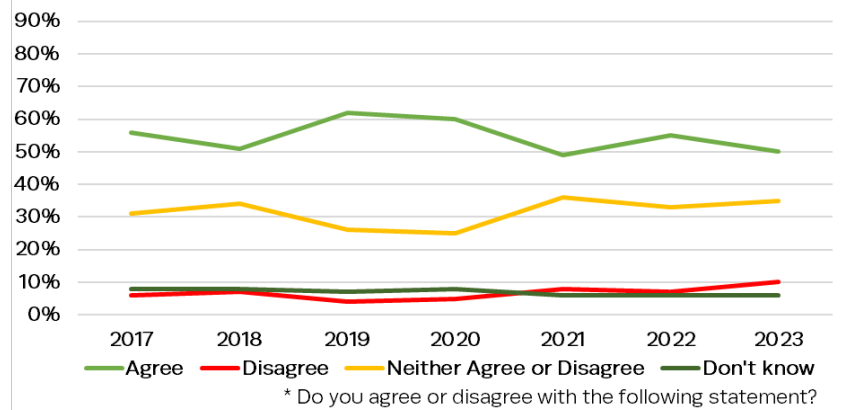
Again, there is a marked difference in attitude depending on age (albeit with agreement still being generally very positive across all groups): with 84% of those aged 75 and over agreeing in 2023, compared with 59% of 18–24 year-olds.

I would rather shop with a business which can prove it's paying its fair share of tax*



When the public are pushed further, and asked if they would switch the businesses they use in favour of one that has secured the Fair Tax Mark, 50% agreed in 2023. This is strong, but at the lower end of support seen over the last seven years, and is likely influenced by the cost of living crisis that many families currently find themselves embroiled in.⁶ Support was at 54% in Social Class AB, in contrast to 44% among DE.

I would switch the business I use, for example shops, cafes or services, in favour of one which has the Fair Tax Mark*



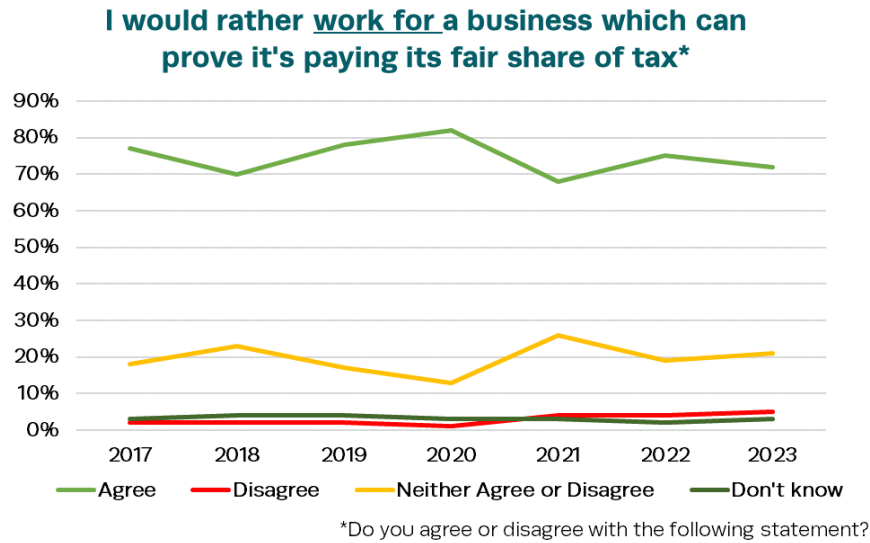
The high levels of propensity toward ethical consumerism on the issue of corporate tax conduct stand out, especially when compared with analogous research work in similar areas. For example, Deloitte has conducted surveys into consumer attitudes and behaviours around sustainability. This found that in 2022, 40% of the UK public had ‘chosen brands that have environmentally sustainable practices/ values’, and that 37% had ‘chosen brands that have ethical practices / values’.⁷

⁶ Note: the small drop off in ‘Agree’ corresponded to a small pick up in ‘Neither Agree or Disagree’.

⁷ See <https://www2.deloitte.com/uk/en/pages/consumer-business/articles/sustainable-consumer.html>

■ **“Work for”**

Similarly, in 2023, the vast majority (72%) of the UK public would ‘rather work for a business which can prove that it’s paying its fair share of tax’. Over the last seven years, support has never dipped below 68% (2021), and has reached as high as 82% (2020). Disagreement with this statement has never exceeded 4%. Sentiment was slightly stronger among women (75%: 2023) and Social Class ABC1 (75%: 2023).

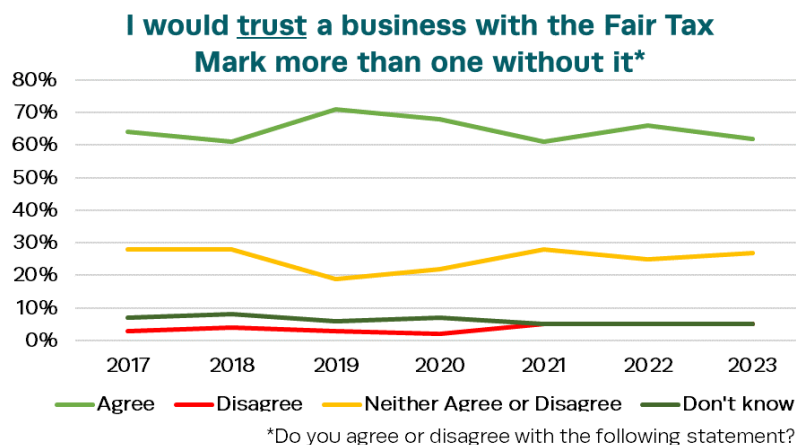


Again, the high level of preference toward working for a business that pays its fair share of tax compares favourably with other prominent ethical issues. In 2020, a survey commissioned by Unily of UK based office workers found that 65% said that they were more likely to work for a firm that had strong environmental values.⁸

Fair Tax Mark: the gold standard

■ **“Trust”**

In 2023, a substantial majority (62%) of the UK public said that they would ‘trust a business with the Fair Tax Mark more than one without it’. Over the last seven years, support has never dipped below 61% (2018 and 2021), and has reached as high as 71% (2019). Disagreement with this statement has never exceeded 8%.

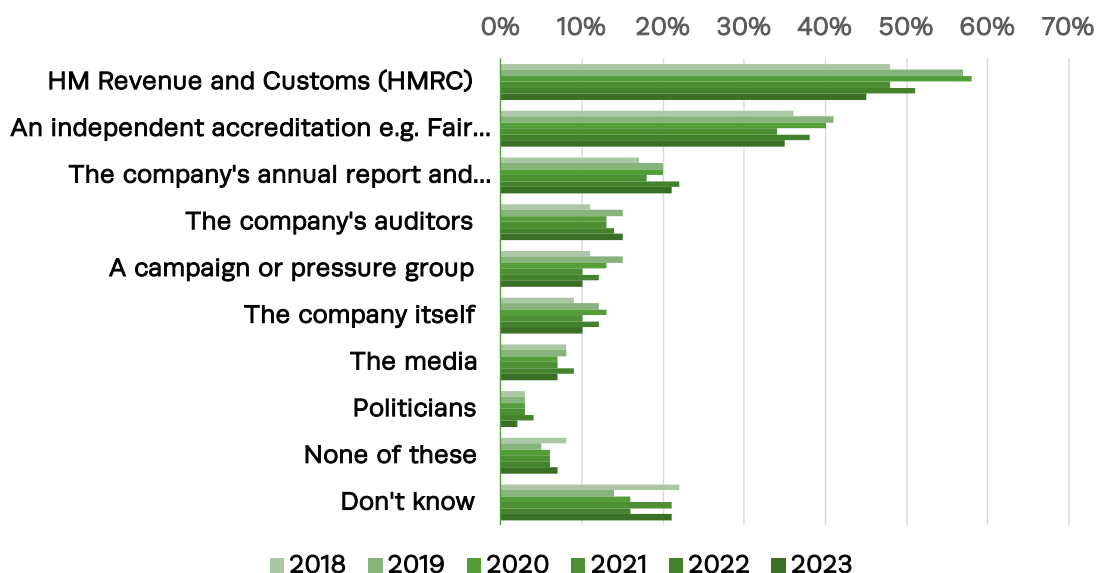


HMRC and Fair Tax Mark accreditation are heavily favoured as trusted verifiers of good corporate tax conduct (by 45% and 35% respectively, in 2023), with ‘company auditors’ trusted by just 15% of the public. The latter’s poor performance no doubt influenced by the never-ending series of scandals

⁸ See <https://www.unily.com/insights/guides/future-of-the-sustainable-workplace-in-the-age-of-covid-19-and-climate-change>

that continue to make headlines. The UK's audit watchdog, the Financial Reporting Council, issued a record £46.5m in fines over the year 2021/22 to Britain's top accounting firms.⁹

If you wanted to know if a company was paying the right amount of tax, which, if any, of the following would you trust to provide accurate information?



Trust in HMRC is the lowest it has been over the six years of polling, and is likely a consequence of the much publicised challenges it has faced as significant numbers of staff were redeployed to work on Brexit and Covid 19 support schemes. As a result, HMRC opened fewer tax enquiries and prosecuted far fewer people for tax evasion during the pandemic. Tax revenue directly attributable to HMRC compliance activity has fallen, and equated to £9 billion less yield over the two years (2020–21 and 2021–22) compared with its performance before the pandemic.¹⁰ HMRC does excellent work, but it is under resourced, despite the fact that for every £1 that HMRC spends on compliance activities, it recovers £18 in additional tax revenue. Leading to the conclusion that the UK government is missing the opportunity to recover billions in lost revenue by not properly resourcing HMRC's compliance activities.¹¹

⁹ Financial Times (28.7.2022). See [KPMG hit with half of UK accounting fines as penalties reach new record](#)

¹⁰ Public Accounts Committee (May 2023). Managing tax compliance following the pandemic. See <https://publications.parliament.uk/pa/cm5803/cmselect/cmpubacc/739/summary.html>

¹¹ Public Accounts Committee (January 2023). Thirty-Third Report of Session 2022–23. See <https://publications.parliament.uk/pa/cm5803/cmselect/cmpubacc/686/report.html>

Show me the money

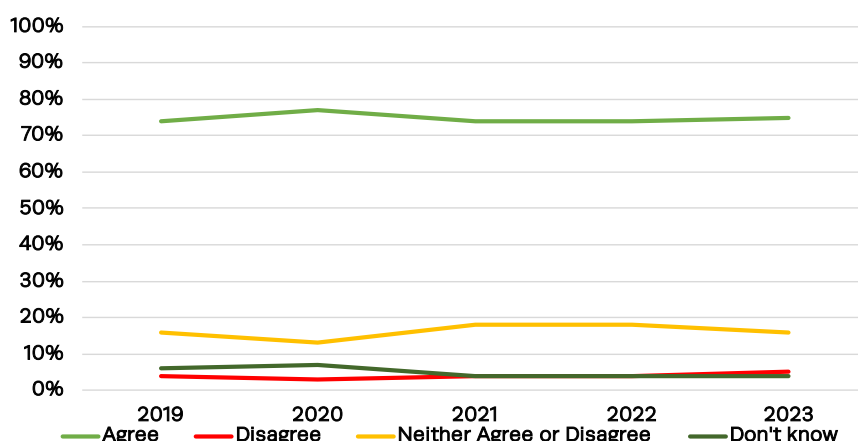
■ "Lift the lid on multinationals"

In 2023, three quarters of respondents (75%) agreed that 'the UK should take a lead and force multinational businesses to disclose how much income, profit and tax they pay in each country in which they operate'.

Over the last five years, support has never dipped below 74%, and disagreement with this statement has never exceeded 5%.

Support was particularly high among those that voted at the last general election in 2019. In 2023, agreement was 80% among Conservative voters, 77% among Labour and Liberal Democrat voters and 89% among SNP voters.

The UK should take a lead and force multinational businesses to disclose how much income, profit and tax they pay in each country in which they operate*



*To what extent do you agree or disagree with the following statement?

At present, the vast majority of multinationals that operate in the UK refuse to disclose publicly how much corporation tax they pay here or in any other country. This means that we have no way of telling whether the likes of Amazon and Facebook are paying their fair share of taxes. A breakdown of exactly how much income, profit and tax is being generated is needed – otherwise known as public Country-by-Country Reporting (pCbCR).¹² A small, but growing, number of responsible enterprises voluntarily embrace the need for such transparency and say what they pay with pride – such as Fair Tax Mark accredited businesses.¹³

pCbCR is probably the hottest topic in financial reporting right now. It is the subject of both an increasing number of investor resolutions (witness the Annual General Meetings of Amazon, Cisco and Microsoft in 2022) and legislative requirement (as advancing everywhere from the European Union to Australia). In 2016, under all-party pressure from Parliament, the UK Government agreed that pCbCR was merited and

An increasing number of investors are now urging that multinationals should embrace pCbCR as a core element of their 'ESG' credentials. This includes some of the world's largest institutional investors (such as Norges Bank Investment Management) and most influential ratings agencies (such as S&P Global). PRI, the world's leading proponent of responsible investment, has supported pCbCR for a number of years.

¹² The Fair Tax Foundation produce a regularly updated pCbCR explainer. See <https://fairtaxmark.net/why-get-the-mark/faqs/#1678724165766-530c1115-3d19>

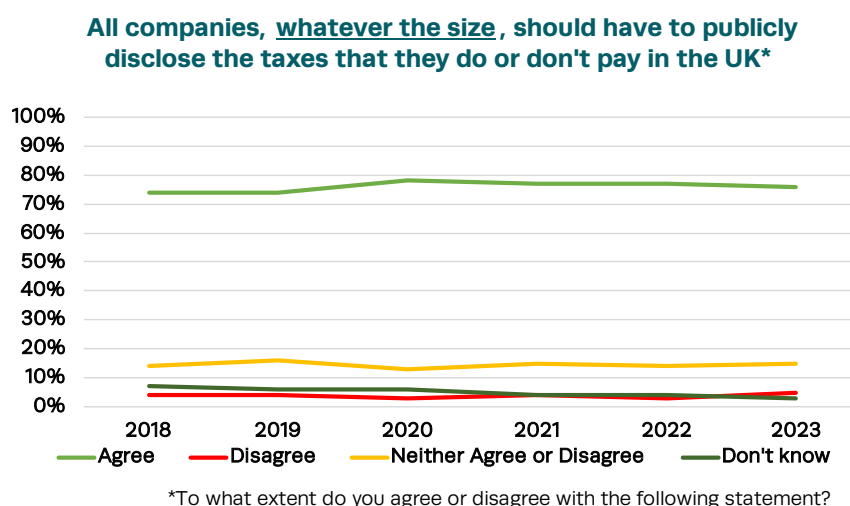
¹³ The EU Tax Observatory maintains a CbC Reports database, and features Fair Tax Mark accredited exemplars such as Lush, Mundys, Orsted and SSE. See https://taxobservatory.shinyapps.io/company_cbc_data/

accepted an amendment to the Finance Bill (although, to date, those powers have not been enacted).¹⁴

It is now time for the UK to show leadership and take action in this area, as mandated by an overwhelming majority of voters.

■ **"Small business transparency"**

In 2023, three quarters of respondents (76%) agreed that 'all companies, whatever their size, should have to publicly disclose the taxes that they do or don't pay in the UK'. Over the last six years, support has never dipped below 74%, and disagreement with this statement has never exceeded 5%. As with multinational pCbCR disclosure, support was particularly high among those that voted at the last general election in 2019. In 2023, agreement was 81% among Conservative voters, 77% among Labour voters, 79% among Liberal Democrat voters and 93% among SNP voters.



At present, the vast majority of small companies in the UK avail themselves of the right to publish filleted and / or abridged accounts at Companies House. In effect the only financial information disclosed is a scaled down balance sheet account – there is no information on income, profit or taxes paid. This is not just entirely legal, but within the spirit of the law. However, tax avoidance and evasion are not just exploited by multinationals. If anything, there is evidence to suggest that the cumulative impact of tax dodging by small business is greater than that by big business. For example, the UK's Tax Gap analysis (presented by HMRC most recently in June 2022) suggests that 'small business' is responsible for two-thirds (66%) of the UK's Corporation Tax gap.¹⁵

The UK Government is therefore to be commended for the proposals set out in the Economic Crime and Corporate Transparency Bill¹⁶ that would lead to the following:

- require small¹⁷ companies to file a profit and loss account and a directors' report;

¹⁴ Bloomberg (7.9.2016). See <https://www.bloomberg.com/professional/blog/u-k-opts-public-country-country-reporting/>

¹⁵ Albeit HMRC's Tax Gap Analysis effectively excludes consideration of the impact of profit-shifting by multinationals. The Corporation Tax gap for small businesses was estimated to be 19.1% of their total theoretical Corporation Tax liabilities in 2020 to 2021, which equates to £3.7 billion. It has been on an upward trend since 2012. See

<https://www.gov.uk/government/statistics/measuring-tax-gaps/5-tax-gaps-corporation-tax>

¹⁶ See <https://www.gov.uk/government/publications/economic-crime-and-corporate-transparency-bill-2022-factsheets/fact-sheet-company-accounts>

¹⁷ A company is 'small' if, in a year, it satisfies any two of the following criteria: a turnover of £10.2 million or less; £5.1 million or less on its balance sheet; 50 employees or fewer.

- require micro-entities¹⁸ to file a profit and loss account; and
- remove the option to file abridged accounts.

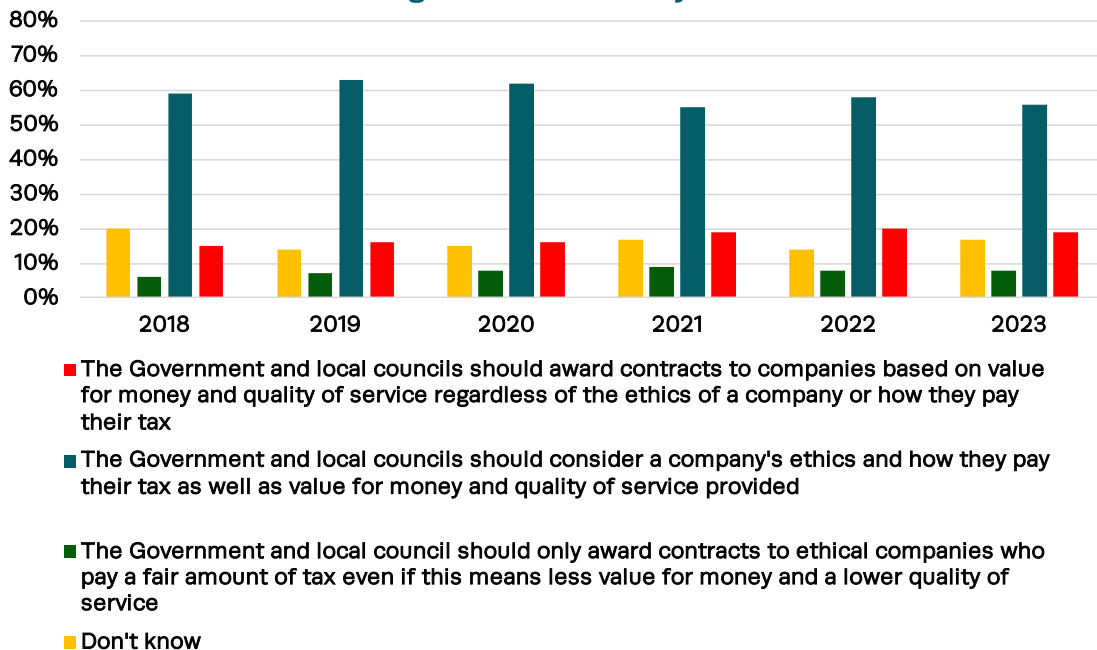
This would ensure that all companies in the UK disclose information on income, profit and tax paid. This will reduce fraud, and allow creditors, suppliers and consumers to make more informed decisions. In turn, this helps UK markets to operate more optimally. These additional transparency requirements should also be seen as a small price to pay for the significant benefits and protections afforded by limited liability status.¹⁹

Procurement and conditionality

■ "Ethical public procurement"

In 2023, almost two-thirds of respondents (64%) agreed that 'the Government and local councils should consider a company's ethics and how they pay their tax as well as value for money and quality of service', with 19% disagreeing and saying that 'value for money and quality of service' should be the sole considerations. As with other areas, there is a marked difference in attitude depending on age (albeit with agreement still being positive across all groups): with 79% of 75+ year olds agreeing that ethics and tax conduct should be considerations, compared with 54% of 18-24 year-olds in 2023.

Thinking about when the Government, local councils or public bodies are awarding contracts to companies, which of the following comes closest to your view?



New public procurement rules are being advanced by the UK Government. They encompass every town and city, national bodies and the NHS.²⁰ With the combined value of UK public procurement contracts standing at £300bn per annum, this represents a massive opportunity for taxpayer spend to finally embed tax justice and further embed

¹⁸ A company is a 'micro-entities' if, in a year, it satisfies any two of the following criteria: a turnover of £632,000 or less; £316,000 or less on its balance sheet; 10 employees or fewer.

¹⁹ For example, owners are not personally responsible for the losses and debts of the company.

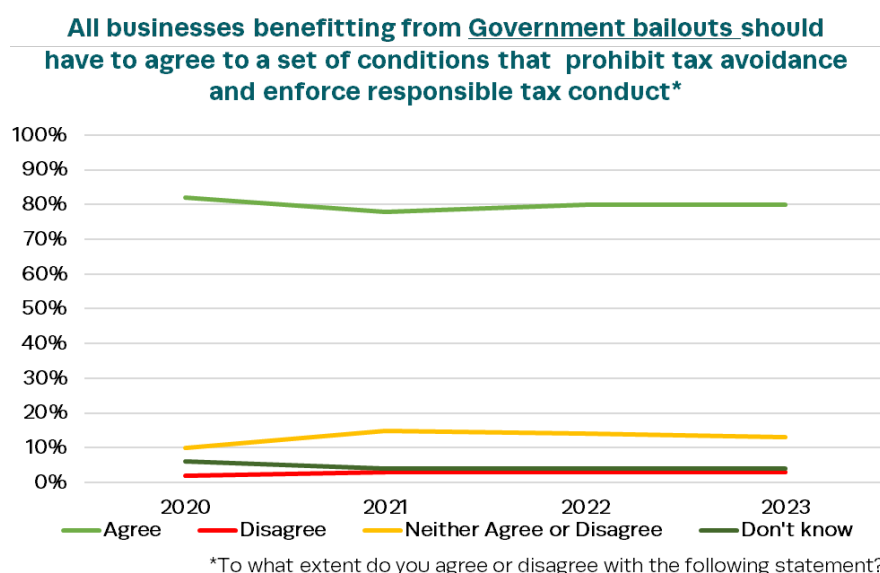
²⁰ Excepting Scotland.

social value. However, this Procurement Bill does very little to meaningfully allow progressive towns and cities to factor in the tax conduct of companies supplying them. There are some positive aspects to the proposed reforms: not least the intention that overseas suppliers will henceforth have their beneficial ownership publicly disclosed – as UK companies are already required to do.²¹ But, it is vital that we never again have the debacle of progressive towns and cities feeling that they are unable to exclude the likes of Gazprom from procurement.

The Fair Tax Foundation is actively engaging with politicians of all political persuasions – not least as many of the Fair Tax Council resolutions that have been passed up and down the country have enjoyed all-party support.²² We commend the recent policy proposals of the Labour Party, which would reward suppliers that demonstrate a robust commitment to responsible tax conduct and financial transparency, and which align with our ‘Big Fair Tax Ask’.²³

■ “Grant support conditionality”

In 2023, an overwhelming majority of respondents (80%) agreed that ‘all businesses benefitting from Government bailouts should have to agree to a set of conditions that prohibit tax avoidance and enforce responsible tax conduct.’ This was the highest level of support seen from any statement in our polling. Over the last four years, support has never dipped below 78%, and disagreement with this statement has never exceeded 3%.



There is a marked difference in attitude depending on age (albeit with agreement still being very positive across all groups): with 97% of 75+ year olds agreeing that responsible tax conditionality should be attached to government grants, compared with 59% of 18–24 year-olds in 2023. This was the largest age variation witnessed with any question. It is, however, worth noting that when younger adults fail to ‘agree’, the shortfall moves to ‘neither agree or disagree’, not ‘disagree’.

²¹ See <https://www.gov.uk/government/publications/transforming-public-procurement-our-transparency-ambition/transforming-public-procurement-our-transparency-ambition>

²² Across the UK, 48 towns and cities have now passed Fair Tax Council resolutions, including Birmingham, Edinburgh, Newcastle, Peterborough and nine London boroughs. See <https://fairtaxmark.net/huge-boost-for-uk-fair-tax-councils-as-london-assembly-members-call-for-mayors-support/>

²³ See <https://fairtaxmark.net/supporters/uk-public-procurement-reform/>

About the Fair Tax Foundation

The Fair Tax Foundation was launched in 2014 and operates as a not-for-profit social enterprise. The Fair Tax Foundation believes that companies paying tax responsibly should be recognised and celebrated; and any global race to the bottom on tax competition should be resisted. Tax contributions are a vital part of the broader social and economic contribution made by businesses, helping the communities in which they operate to deliver valuable public services and build infrastructure that paves the way for growth.

The Fair Tax Mark accreditation scheme is the gold standard of responsible tax conduct. It seeks to encourage and recognise organisations that pay the right amount of corporation tax at the right time and in the right place. Accredited businesses include listed PLCs, co-operatives, social enterprises and large private businesses. Some one hundred parent companies and 250 distinct trading businesses are currently Fair Tax Mark accredited, who between them employ over 250,000 and contribute more than £1bn in corporation tax annually. A Fair Tax Global Multinational Business Standard was launched in November 2021, enabling multinationals headquartered outside of the UK to be accredited for the first time. Companies have now been certified in Denmark, Italy, Germany, the Netherlands and Sweden.

Fair Tax Foundation

Holyoake House
Hanover Street
Manchester
M60 0AS

fairtaxmark.net
info@fairtaxmark.net

+44 (0)161 250 6595

