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Quarter of FTSE 100 subsidiaries located in tax havens

Campaigners seize on database showing extent to which top firms' business is conducted in tax-friendly jurisdictions

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The 100 largest groups registered on the London Stock Exchange have more than 34,000 subsidiaries and joint ventures between them.

Photograph: Andy Rain/EPA

The extent to which FTSE 100 companies use tax havens for their operations is revealed [in a database of their subsidiaries](#) compiled for the first time by the development charity ActionAid.

The 100 largest groups registered on the London Stock Exchange have more than 34,000 subsidiaries and joint ventures between them. **A quarter of these, over 8,000, are located in jurisdictions that offer low tax rates or require limited disclosure to other tax authorities.**

UK companies are required by law to report a list of their subsidiary companies together with their country of registration to Companies House. However, many of the FTSE 100 have failed to do so in the past. Disclosure of the full list by all 100 groups is the result of a formal complaint made by ActionAid to Companies House and a subsequent investigation by the business secretary, Vince Cable.

It is the first time a comprehensive list of subsidiaries has been collected. There are several legitimate reasons for multinational companies to have subsidiaries in countries around the world, but the extent to which the largest UK-listed companies' business is conducted offshore in jurisdictions classed as tax havens has been seized upon by campaigners calling for a clampdown on corporate [tax avoidance](#).

ActionAid has analysed the list according to the definition of tax havens and secrecy jurisdictions compiled by the [government accountability office of the US Congress](#), including in addition the US state of Delaware and the Netherlands, which are not on the GAO list but are acknowledged to offer tax and minimal disclosure advantages to foreign companies. By this measure, it emerges that 98 of the FTSE 100 companies use tax havens, with only Fresnillo, a Mexican-based mining company, and Hargreaves Lansdown, a Bristol-based financial services group, declaring no offshore subsidiaries.

Martin Hearson, a tax policy expert at ActionAid, said: "When companies use tax havens to dodge taxes, ordinary people in developing countries and the UK lose out. Our research today lays bare the extent to which the use of tax havens is rife among Britain's biggest multinationals, who have serious questions to answer."

The banking sector has the largest number of tax haven companies, with the big four UK banks – HSBC, Royal Bank of Scotland, Barclays and Lloyds – having a total of 1,649 offshore subsidiaries. They have the largest number of companies registered in the Cayman Islands, with Barclays alone registering 174 subsidiaries and ventures there. HSBC has 156 subsidiaries in Delaware, which has limited reporting requirements, compared to 97 in the rest of the USA. Lloyds Group has 97 companies in the Channel Islands.

The advertising and communications group WPP, which moved its tax domicile to the low-tax regime of Ireland, has 611 subsidiary companies based in tax havens.

The banks point out that they are global businesses with local operations in dozens of countries including jurisdictions that happen to be on the list of tax havens, and that that in itself is not evidence of tax avoidance. A spokesman for HSBC said the bank did not use artificial tax planning structures or transactions to avoid tax, and was a top-five UK taxpayer paying £6bn in UK taxes in last six years.

Barclays attributed its large number of Caymans companies to the legacy of its acquisition of Walbrook and said it was working to reduce the number. It too pointed out that there were many reasons other than tax planning for companies to have subsidiaries offshore, such as the ease of incorporation or speed with which capital could be moved.

A Barclays spokesman said: "All foreign subsidiaries are included in returns to HMRC either because they are UK tax resident and file UK tax returns or because they are listed on returns giving information on income earned that may be subject to UK tax under what is referred to as the controlled foreign company legislation."

Lloyds Banking declined to comment. A [Guardian investigation revealed](#) that RBS operated complex international tax avoidance schemes during its boom years, but it said it would put an end to these when it accepted a government bailout. Many of its tax haven subsidiaries appear to relate to these previous transactions running their contractual course. An RBS spokesman said of the company today: "We are a signatory to the UK tax code of practice and adhere to the spirit as well as the letter of the law."

Tax justice campaigners accused the banking sector of bypassing regulation through offshore subsidiaries. "Banks use tax havens extensively not just to avoid tax and to help their private banking clients, but also to avoid regulation by mainstream financial centres, which is the attraction of creating shadow banks in offshore centres like Cayman, Jersey and Luxembourg," said John Christensen, director of the Tax Justice Network.

The former Liberal Democrat Treasury spokesman Matthew Oakeshott called on non-executive directors, shareholders and employees to put pressure on their companies to reveal subsidiaries that have no commercial rationale other than secrecy or tax dodging. "The Treasury must insist on full disclosure on RBS and Lloyds' use of tax havens to ensure they are not cheating their owners, British taxpayers," he said.

WPP [moved its tax residence from the UK to Ireland](#) in 2008, saying it would help to reduce its overall tax rate. It has indicated that it is ready to return to the UK for tax purposes in 2013 if proposals in George Osborne's budget this year to [relax the rules on taxing foreign subsidiaries](#) are enacted. The Treasury acknowledges the reform could see UK tax receipts fall but argues that it will keep the UK competitive as a home for global corporations.