The statistics: getting to grips with the data

General Features



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What do the wealth of statistics actually tell us about UK businesses?

Just like HMRC, Companies House publish a wealth of statistics to help us understood the UK corporate landscape (see tinyurl.com/jy4rdkdm; the 2025 update is expected in June). There were about 4.872 million UK companies as at 31 March 2025 – a drop of about 4,000 from 2024 (see tinyurl.com/3ffzfhmv). However, it's 1.67 million more than a decade earlier. The total number of companies is over 550,000 higher but the difference is made up of those in dissolution or liquidation and so not effectively in business. The average age of a company is 8.7 years but the average age of dissolved or liquidated companies is 4.5 years. However, 1.28 million active companies date back to Victorian times! This rather suggests that the median age of a company is probably around five years.

There are about 5,400 public limited companies and 49,000 LLPs. As at 31 March 2024 (the latest figures available), 14,299 overseas companies had registered a

branch in the UK. Just under 19% are US corporations, with 13% from the Channel Islands and 9% from Ireland.

Interestingly, the most popular accounting date for companies is 31 March, with over 1 million, compared to 670,000 with 31 December and about 300,000 in each of the other ten months.

The Department for Business and Trade estimated that there were 5.5 million businesses in 2024 (see tinyurl.com/3r84s8c3). Nearly 4.1 million did not employ anyone other than the owner, leaving about 1.427 million employers.

8,000 large businesses employed 11 million people; 38,000 medium sized about 3.7 million and small businesses employed 4.3 million (10 to 49 employees) and 4.2 million (1 to 9 employees).

Separate data estimates that there are 2.179 million VAT registrations.

The business data can be broadly reconciled to the numbers expected to join Making Tax Digital for Income Tax – which total 2.65 million, leaving about 4 million landlords and self-employed people outside the new arrangements. There are some 2.8 million individual landlords, with several hundred thousand being both self-employed and landlords.

Large businesses

HMRC's Large Business Directorate handles the tax affairs of the 2,000 largest businesses in the UK, most of which are companies/groups with a few large partnerships. It is estimated that these taxpayers contributed about 40% of total UK taxation (see tinyurl.com/2dw7fu7v).

The directorate reported compliance yield of £11.447 billion for 2023-24 (see tinyurl.com/jvs34d2j), which is a mixture of additional receipts and prevention of future losses (called 'upstream' yield). Even though this is a huge figure, it represents some 3.5% of the total tax paid over by these very large businesses. More than half the gains were in VAT – not corporation tax – which is no doubt a surprise to many.

Tax under consideration, which is an estimate of the scale of possible areas for investigation, amounted to £45 billion, with international coming out at over £11

billion and VAT at just under £10 billion. There were 169 customer compliance managers as at 31 March 2024 – on average each handled about 12 taxpayer groups.

HMRC's Wealthy and Mid-sized Business Compliance Directorate shows similar figures (see tinyurl.com/3xkvu2dy). In 2023-24, the directorate's compliance activities raised over £9 billion, with VAT exceeding corporation tax (although both were outweighed by £4.2 billion from income tax). HMRC does not say how many businesses are covered by this directorate, although the recent NAO report suggested that about 850,000 individuals meet the definition of 'wealthy' (see tinyurl.com/3e9pxseb).

Reaching out

HMRC notes that the average life of a new business is about three years, which imposes a big compliance burden on taxpayers and on HMRC, as businesses need to join the system. Tax agents told the Office of Tax Simplification in 2019 that all too often their first contact with a newly formed company or business was after about 18 months, when overdue filing notices had started to arrive.

This justifies HMRC's recent investment in greatly improved guidance for small businesses but, of course, a key challenge is finding guidance in the first place. Covering taxation on vocational courses would be helpful, as would encouraging engagers of self-employed businesses to pass on links to the HMRC guidance. Companies House could also give out more information.

66,000 companies claimed R&D credits in 2022-23, amounting to some £7.5 billion. 55,000 were SME claims with 11,000 claiming under the large R&D expenditure credit scheme, including 6,700 SMEs claiming under that scheme, mainly as subcontractors. Perhaps we should be surprised at the relatively low percentage of large and medium-sized companies investing in qualifying research and development.

Getting to grips with the data highlights the challenges (and opportunities!) for HMRC and for advisers in the UK economy.

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