

Mixed messages on windfall tax for oil and gas firms, as cost of living wreaks havoc on economy

There are mixed messages coming from the government about the possibility of a windfall tax on oil and gas firms, as the cost of living crisis continues to ravage the economy.

Speaking earlier on Thursday morning, Chancellor Rishi Sunak said that, while he was “not naturally attracted” to the idea, “no option is off the table”.

Prime Minister Boris Johnson said later that the government would “have to look at it”, before saying: “I don’t think (windfall taxes) are the right way forward.”

Then at lunchtime, Mr Johnson’s official spokesperson said that, although “we are simply not cutting off options”, it had been set out by the prime minister and chancellor that “we do not think that this is the right approach”.

It comes as energy companies continue to benefit from [rocketing prices](#), and British households struggle with record rises in energy bills, higher council tax and National Insurance payments, higher fuel prices and soaring inflation.

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Among the reasons behind the price rises are Russia’s war in Ukraine, which has resulted in sanctions and supply constraints. There has also been an increase in demand for various things as the world emerges from the worst of the coronavirus pandemic.

There have been calls for the government to implement a

windfall tax on oil and gas companies to help fund the recovery – this is a one-off tax on firms that have benefited from something they were not responsible for.

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Mr Sunak said: "I'm not naturally attracted to the idea of windfall taxes in general. I find that people fall into two

camps on windfall tax.

“There is a group of people who think you can never have a windfall tax, and there’s another group of people who think they’re a very easy answer to every problem. I’m not in either of those camps – I’m pragmatic about it.

“What I do know is that these companies are making very significant profits right now because of the prices that we’re seeing.

“What I want to see is significant investment back into the UK into the economy for jobs and energy security and I want to see that soon. If that doesn’t happen then, as I’ve said, no option is off the table.”

Ministers will ‘have to look’ at windfall tax

Earlier on Thursday, Prime Minister Boris Johnson suggested the government would “have to look” at the idea of a windfall tax.

“The disadvantage with those sort of taxes is that they deter investment in the very things that we need to see them putting them in,” Mr Johnson told LBC.

“They need to be investing in new technology, in new energy supplies for the UK.”

Bernard Looney, chief executive of BP, recently said that his company’s investment plans would not be affected by any windfall tax.

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When this was put to him, the prime minister replied: "Well then we'll have to look at it."

"What I say is I want them to make those investments – they've got to be making those investments – in new energy supply for our country."

When pushed again about the possibility of a windfall tax, Mr Johnson said: "I don't like them."

"I don't think they're the right way forward."

"I want those companies to make big, big investments."

The prime minister's official spokesperson said on Thursday: "We do keep options on the table and rightly so, because we need to and that's the right approach given the sort of challenges we're seeing."

"But as the prime minister set out, and the chancellor said, we do not think that this is the right approach. We want these companies that are making profits to make further investments, we've seen some of that already."

"We are working with these companies to encourage them to make further investments and we've seen multibillion-pound investments already made And we will keep doing that."

"But we are simply not cutting off options given the circumstances we are facing."