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How Burnham could tax banks' windfall profits | August 2026

The Spanish government introduced a successful windfall tax on banks in the form of a levy on net income above €800m. To mitigate concerns about the City of London's international competitiveness as a financial sector, the British government could introduce an equivalent levy targeting the net income of UK banks' domestic arms above a threshold of £800m, at a rate of 38%, in line with the Energy Profits Levy introduced for oil and gas companies. This would capture windfalls from higher interest rates enjoyed at the expense of the British public, without increasing taxes on banks' wider business, eliminating incentives for global operations to be moved abroad in response.

Using the figures below, based on H1 results and banks' latest guidance, total net income above £800m for the domestic banking arms of the UK's big four banks is estimated at £49.7bn for 2026. A levy of 38% would therefore raise **£18.9bn** from these banks alone.

	Net income (£ms)		**Estimated 2026 net income above £800m (£ms)**
	H1 2026	FY 2026 (est.)	
Barclays UK	4,517	9,318*	8,518
Lloyds	8,280	16,904**	16,104
NatWest	8,207	16,414***	15,614
HSBC UK	5,149	10,298****	9,498
Big 4 total	26,153	52,868	**49,678**

*Based on Barclays' H1 2026 results, which reported that for Barclays UK, 2026 net interest income (NII) is expected to be around the middle of the £8.1bn - £8.3bn guided range, as well as net fee, commission and other income of £531m for H1 2026.

**Based on Lloyds' H1 2026 results, which reported guidance for FY 2026 net interest (NII) income of more than £14.9bn, as well as net fee and commission income of £1,002m for H1 2026. Lloyds provides NII guidance only at the group level but, unlike Barclays and HSBC, and as with NatWest, the vast majority of its NII comes from its UK banking arms.

***Based on NatWest's H1 2026 results, which reported net interest income (NII) of £6,890m and net fees and commissions of £1,317m for H1 2026. NatWest has not provided guidance for FY 2026. Like Lloyds, and unlike Barclays and HSBC, the vast majority of NatWest's income comes from its UK banking arms.

****Based on H1 2026 results for the ring-fenced bank, HSBC UK Bank, which reported net interest income (NII) of £4,501m and net fee income of £648m for H1 2026.