

Tax rises top investors' list of threats to UK investment

LONDON, UNITED KINGDOM, October 19, 2026 /EINPresswire.com/ -- New research by Teneo among 100 senior investment decision-makers found that [58% believe](#) the UK has become less attractive as a place to invest, grow or do business than it was five years ago. Just 28% believe it has become more attractive.

The research found that tax is the most immediate threat to investment. Almost one in three respondents (32%), said a sharp rise in taxes affecting UK businesses or investors would be the development most likely to make their organisation pause, reduce or stop UK investment during the next 12 months.

The 100 investment decision-makers surveyed came from major financial and corporate organisations, spanning global asset managers, banks and multinational companies. Collectively, these firms manage more than £30tn in assets. All those surveyed were responsible for at least £5 million of annual capital allocation within their organisations. A quarter, 25 senior decision-makers, were each currently making or planning an investment decision worth more than £500 million. A separate survey of 100 MPs, weighted to be representative of the House of Commons, asked politicians to predict what they believed investment decision-makers to be prioritising.

The research reveals a gap between what investment decision-makers say they need and what MPs believe they are looking for – a gap investment decision-makers appear to anticipate. Just 25% believe MPs understand what they need to view the UK as an attractive investment destination

Asked what is currently undermining the UK's appeal as an investment destination, investment decision-makers most frequently pointed to political instability and policy churn. Nearly a third (32%) identified it as the main reason the UK is not a compelling investment destination today, compared with just 12% of MPs who expected it to be investors' primary concern. Investment decision-makers placed greater emphasis on tax (18% vs 13% MPs) and regulation and bureaucracy (18% vs 9% MPs). Instead, MPs were more likely to identify EU friction (26% MPs vs 20%) and energy costs (21% MPs vs 2%).

A similar difference emerges in the UK's relationship with Europe. The findings reveal a strong investor appetite for a closer economic relationship with Europe, with almost half (47%) saying the UK should seek to rejoin the EU as soon as possible. A further 45% favour greater alignment without attempting to rejoin, meaning 92% of investment decision-makers want closer ties overall. MPs recognise the direction of travel, but underestimate how far investment decision-

makers want the relationship to move: just 27% predicted that they would favour rejoining the EU.

Brexit remains a subject on which people hold strong and often deeply rooted views, and the arguments surrounding Britain's relationship with the EU extend well beyond economics. But the findings suggest that those making major investment decisions see access to European markets and reduced barriers to trade as important to the UK's future competitiveness.

Despite their concerns, investment decision-makers continue to see considerable strengths in the UK. Three-quarters: 75%, still describe it as an attractive place to invest, grow or do business. Eight in ten (80%) believe the UK has the talent and research base needed to succeed over the long term, while 74% regard its legal system, institutions and rule of law as a significant competitive advantage.

But here, too, MPs and investment decision-makers put different weight on the core components of Britain's investment case. Investment decision-makers are most persuaded by the UK's established commercial strengths: 60% select one of its service economy (23%), global connectivity (20%) or deep capital markets (17%) as the strongest argument for investing more, compared with 40% of MPs who expect them to prioritise these strengths. MPs put greater weight on universities and innovation (14% MPs vs 2%) and long-term economic strategy (22% MPs vs 13%).

Iain Dey, Senior Managing Director & Co-Head of UK Financial Communications at Teneo, said: "Investment is central to economic growth. It finances new businesses, infrastructure, technology and research; creates and safeguards jobs; and raises productivity. The UK therefore needs to listen carefully to the people deciding where that capital will go.

"Their message is clear. The UK hasn't stopped being attractive to investors, but it is losing ground. Their warning on tax is clear: a sharp rise risks sending capital elsewhere.

"But the fundamentals remain strong: talent, capital markets, the rule of law and global connections, all count in the UK's favour. What investors need now is greater certainty."

Deborah Mattinson, Senior Advisor at Teneo, said:

"Teneo's fascinating new study shows that, against a challenging backdrop, investors see the UK as an attractive place to do business. However, the research reveals a profound gap in understanding between investment decision-makers and MPs, particularly on the importance of political stability and the imperative of building a closer relationship with Europe - the latter raised by an overwhelming 92% of the investment decision-maker sample with nearly half wanting to rejoin (47%). MPs tend to underestimate both the appetite for rejoining and just how important political stability is to investment decision-makers."

Investment plays an important role in supporting jobs, productivity and economic growth across the country. The UK held £2.13 trillion of inward foreign direct investment at the end of 2024, according to the Office for National Statistics. Foreign direct investment projects created more

than 69,000 new UK jobs and safeguarded more than 16,000 existing jobs during 2025–26, according to the Department for Business and Trade.

The Teneo research also found that:

- 75% of investment decision-makers still see the UK as an attractive place to invest, grow or do business
- 80% agree that the UK has the talent and research base needed to succeed over the long term
- 57% see the UK as one of the world's leading destinations for international investment.
- 74% agree that the UK's legal system, institutions and rule of law remain a significant competitive advantage
- 45% say better access to EU markets (23%) and reduced trade barriers (22%) would do most to improve the UK's attractiveness

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