Funding the Future

AstraZeneca to pay Â£505m to settle UK transfer misp...

Published: January 13, 2026, 7:29 am

AstraZeneca agrees to pay £505m to settle UK tax dispute | □□□□Business | □□□□guardian.co.u.

As the Guardian notes:

AstraZeneca, the Anglo-Swedish drugs group today agreed to pay £505m to the British tax authorities in a move that could have far-reaching implications for other UK multinationals.

The pharmaceuticals company agreed to foot the bill in a case that involves the complex system of inter-company tax accounting known as transfer pricing, which enables companies to book profits from a subsidiary in a high-tax area to one in a low-tax jurisdiction, minimising tax payments.

I'm well aware Astra have long declared their innocence on these issues: not so it seems. The case adds to a string of successes on this issue for HM Revenue & Customs.

For Astra it's an embarrassment. As the Guardian notes:

AstraZeneca said: "We draw a distinction between tax planning using artificial structures and optimising tax treatment of business transactions, and we only engage in the latter." The company denied any wrongdoing.

I don't dispute the wrong doing bit, but it clearly was not tax compliant in the opinion of HMRC. Tax compliance is seeking to pay the right amount of tax (but no more) in the right place at the right time where right means that the economic substance of the transactions undertaken coincides with the place and form in which they are reported for taxation purposes.

This is, of course an issue I have long been involved in. As the report also notes

Critics claim companies can reduce corporation tax rates by using transfer pricing, which sets the price at which one unit of a group sells goods or services to another unit of the same group in a different tax jurisdiction. Last year, it emerged that Google used *a cross-border network of subsidiary companies to ensure it hardly paid any corporation tax on its* £1.6bn advertising revenues in Britain. Such practices are legal, and Google said it made a substantial contribution in the UK via payroll and other taxes.

The Google expose was based on my work. As is the solution the Guardian clearly endorses:

Richard Murphy of lobby group the Tax Justice Network has long been campaigning for multinationals to be obliged to undertake country-by-country reporting to reduce the opportunities for transfer pricing.

He said the practice costs the developing world at least £100bn in lost revenues — three times the cost of the millennium development goals.

Murphy added: "The UK has promised to take a lead helping developing countries obtain the benefits of transparency and accountability. Country-by-country reporting can deliver more in that respect than anything else and the UK seems to understand that."

They do: HM Revenue & Customs recently said that country-by-country reporting would unambiguously help increase UK tax revenue.