

Scotland needs to learn Ireland's tax lesson

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It's perverse that the SNP wants to cut Scotland's corporation tax rate to match Ireland's. As [the Belfast Telegraph reports today](#):

Demands for higher corporation tax in the Republic won't impact the future of Northern Ireland's company tax rate.

Most experts reckon the Republic will stand firm in defending its notoriously low 12.5% tax rate despite calls from France and Germany for a level playing field.

The two countries have been putting pressure on the European Union to demand an increase in the Republic's corporation tax rate in exchange for a decrease in the rate of interest Ireland pays for its bailout package of €85bn.

Who's leading the defence of tax abuse? Why, our friends at KPMG:

Eamonn Donaghy, head of accounting firm KPMG's tax practice in Belfast, said that the countries are "playing to the gallery".

"Sarkozy and Merkel are playing to their home audiences," he said.

"They think that if Ireland raises its corporation tax rate they will benefit. But there is a fatal flaw in their plan, if Ireland raises its corporation tax rate, the jobs will not go to the EU, they will not go to Germany or France, they will go to Geneva and Costa Rica, everyone will lose out.

Well, no: KPMG probably see opportunity in selling yet more tax abuse of an artificial nature if it succeeds. And the evidence is plain as well: no one moves real jobs to Geneva!

Someone talked some sense though:

Tax commentator Richard Murphy, who runs the website Tax Research UK and has previously argued that a cut in Northern Ireland's tax rate would make it a tax haven,

said France and Germany have the right idea.

"Germany and France are completely justified in their demands," he said.

"For years the Republic received EU subsidies and stole the tax revenues of other member states in return. It's completely fair that in exchange for EU aid the Republic stops its tax abuse.

"And that, of course, means there will be no reason for cutting tax rates in Northern Ireland.

"This is good news for the people of Northern Ireland as a result

It would be. Cutting corporation tax in Northern Ireland can only be done at cost of a massive reduction in the block grant for NI from the UK. And ordinary people will beat the price of that.

So, as ever, it's KPMG at the forefront in promoting abuse of ordinary people to help fatten the already rich. It's a story that's going to be repeated, often. Until it's stopped.

Scotland take note, and don't be taken for a ride.