

Facebook's UK corporation tax bill last year was less t...

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From [the TJN blog](#) (borrowed, with thanks, it's been a busy morning)

This is an extraordinary story, from the UK's Daily Mail:

The average salary package paid to each member of Facebook staff in the UK last year was more than the entire amount the internet giant paid the Treasury in corporation tax.

Facebook paid just £238,000 to Her Majesty's Revenue and Customs during 2011 despite annual revenues for its UK arm being estimated at £175million.

In comparison, the average staff remuneration package was £270,000 during the year.

This involved a transfer pricing game, using Ireland as the offshore bolthole. It illustrates among other things that when people talk about Ireland's headline corporation tax rate of 12.5%, this is easy to misunderstanding. What Ireland is selling, much more than that, is its willingness to help multinational corporations exclude whole chunks of their income from the tax net altogether. TJN's Richard Murphy is quoted:

"Tax accountant Richard Murphy said the accounts were 'meaningless' because so much of the revenue was channelled through Ireland.

He added: 'These accounts show that Facebook is recording expenses through the UK to claim tax relief on them, but recording costs through Ireland to benefit from its low rate of tax. It's the same old story of we pay the price and they get the benefit.'

This company is taking the benefits from Britain - its roads, rule of law, regulated markets, educated workforce, universities, and so on - and then using the offshore system to get out of paying for any of these privileges. Facebook (presumably) hasn't actually broken the law. But this sort of thing is, to use an expression, simply criminal.

Read more about transfer pricing here. Read a fascinating tale about how Ireland created a swamp of financial and tax abuse and crime, here.

There's [also more on this story in the Guardian.](#)