

Funding the Future

Article URL

Published: January 12, 2026, 6:39 pm

It is rare that US companies are ever held to account by their shareholders: US law does not encourage it. It is rarer still that they are held to account in the UK and yesterday's Parliamentary Accounts Committee hearing on the tax affairs of three of the biggest of them - Starbucks, Amazon and Google - has to be unique. Never before have such corporations been held accountable to our parliament for the tax they do and don't pay here in the UK.

Maybe that explains why each of the companies made such a mess of this event: Amazon's rep was so bad that the Committee decided to recall the company in two weeks. Yet that, in itself, revealed the first thing we learned from this hearing, which was that, whilst it rapidly became clear that tax avoidance is fundamental to the business model of all three companies not one of them had the faintest idea how to defend their behaviour. Despite it being almost four years now since I started work on exposing Google's tax affairs, all three companies seemed utterly unprepared to answer simple questions about why they are avoiding corporation tax due in the UK. At a stroke these companies, and I suspect the whole corporate world, have lost any moral high ground they might have hoped to claim on this issue.

They did worse than that though. Starbucks admitted - for the first time - that whilst it can (quite incredibly) claim that its 700 UK stores are not profitable, through wails of what seemed like crocodile tears, its 30 coffee traders in Switzerland make an enormous 20% profit margin despite never seeing a coffee bean; a fact that the committee could not have helped noting might be related to the 12% tax it pays in that state.

It got worse for Starbucks though when they admitted that half their now notorious 6% royalty on sales made is paid to the Netherlands where they admit little product development takes place but where they just happen to have a tax deal so favourable with the Dutch government they're not allowed to talk about it, at a stroke confirming this to be tax avoidance and that the Netherlands has serious questions to answer.

For Amazon things were much worse. Their rep could not justify how an order made in the UK for a product in a UK warehouse, shipped by UK staff through the UK post and with a bill enclosed printed in this country could somehow have anything to do with

Luxembourg when so very obviously it hasn't. Despite this he had the gall to claim tax must be paid where the economic substance of the deal is - even though Amazon does nothing of the sort.

But that was not the worst moment for them: credibility was lost when Amazon admitted they would not disclose on a country by country basis where their profits arise. MPs were furious and rightly so: the case for the country-by-country reporting accounting system I have created for multinational companies could not have been better made than yesterday.

Google tried harder but they had created one insurmountable obstacle for themselves. Their argument was profits should be taxed where they are earned and they said US technology drove their European profits. But for their admission that the payments made from Europe for that technology never reach the USA and instead get parked in tax-free Bermuda ended whatever shred of credibility they'd tried to create.

So what did we learn? Maybe five things. First, if this committee could tear these companies to shreds so easily why HMRC are letting them get away with these fables is hard to imagine. What's the conspiracy that has let this happen, and who is going to explain that to the PAC? I'd be calling Lin Homer, HMRC chief executive back for another grilling.

Second, so long as companies can hide behind rules that do not demand they account on a country-by-country basis for what profit they make and what tax they pay by country this abuse will continue. Transparency became the very obvious key to solving this problem as the afternoon progressed.

Third, companies who are this unable to defend their behaviour really need to think about changing that behaviour very soon or they'll be keeping UK Uncut, as representatives of an increasingly angry British public, in business for decades.

Fourth, we need simple and effective rules to combat this cheating. I suggested one possible mechanism, yesterday.

But last of all, and most important, it is very obvious that this happens with the active connivance of governments in the Netherlands, Switzerland, Luxembourg, Ireland and Bermuda, at least. There is an international conspiracy amongst some governments (including, maybe, ours) to align the interests of states with the interests of corporations to make sure that tax is not paid by companies. That means it is paid by ordinary people instead. This has to change: these smaller states have to be made to stop abusing the larger states of Europe and beyond. If the EU can't do it then we, with France, Germany, Italy, Spain and others have to build a new tax alliance where the race to the bottom has to be halted and tax has to be paid - for the benefit of us all.

The fiction that these companies play by the rules has been exposed in one afternoon

as a fairy tale. It might win the Booker prize, it's so audacious, but it's no longer a basing for taxing companies. It's time some reality - even a little non-fiction - was added to this tale. And then the right tax might be paid in the right place at the right time. At present nothing could be further from the truth.