

Google: tax avoider par excellence

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Bloomberg [has reported in a story that I assisted with](#) which has not received as much attention in the UK as I expected:

Google Inc. avoided about \$2 billion in worldwide income taxes in 2011 by shifting \$9.8 billion in revenues into a Bermuda shell company, almost double the total from three years before, filings show.

By legally funneling profits from overseas subsidiaries into Bermuda, which doesn't have a corporate income tax, Google cut its overall tax rate almost in half. The amount moved to Bermuda is equivalent to about 80 percent of Google's total pretax profit in 2011.

The increase in Google's revenues routed to Bermuda, disclosed in a Nov. 21 filing by a subsidiary in the Netherlands, could fuel the outrage spreading across Europe and in the U.S. over corporate tax dodging. Governments in France, the U.K., Italy and Australia are probing Google's tax avoidance as they seek to boost revenue during economic doldrums.

Last week, the European Union's executive body, the European Commission, advised member states to create blacklists of tax havens and adopt anti-abuse rules. Tax evasion and avoidance, which cost the EU 1 trillion euros (\$1.3 trillion) a year, are "scandalous" and "an attack on the fundamental principle of fairness," Algirdas Semeta, the EC's commissioner for taxation, said at a press conference in Brussels.

"The tax strategy of Google and other multinationals is a deep embarrassment to governments around Europe," said Richard Murphy, an accountant and director of Tax Research LLP in Norfolk, England. "The political awareness now being created in the U.K., and to a lesser degree elsewhere in Europe, is: It's us or them. People understand that if Google doesn't pay, somebody else has to pay or services get cut."

I'm not sure I can add much to that comment: this is now literally a case of "us or them". And right now they're winning at cost to us.