

Microsoft's tax avoidance - \$4.6 billion, worldwide

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I have already written twice about Microsoft and its tax avoidance, [one noting the press reaction to this issue](#), and the [second suggesting that the Mail had over-egged the scale of the issue](#) (which I still suggested might amount to £103 million).

That though is still a significant amount of tax avoidance, so I re-checked whether the figure is plausible. I went back to the form 10-k (Microsoft's annual accounts) ([link from here](#)). The profits are \$22.26 billion. And on page 71 Microsoft says:

The reduction from the federal statutory rate from foreign earnings taxed at lower rates results from producing and distributing our products and services through our foreign regional operations centers in Ireland, Singapore, and Puerto Rico, which have lower income tax rates.

They admit that the saving resulting is 21.1% of profit. That is \$4.68 billion. That's about £2.92 billion.

Is it plausible that £103 million in the UK could form part of that overall saving? I think so.

Microsoft are, of course, very welcome to provide an explanation as to why I am wrong.