

Transfer pricing into major tax havens is increasing in...

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Reuters [has reported this morning that](#):

U.S.-based global companies are increasingly shifting profits into tax havens like Bermuda and Switzerland, a US government report said, a finding likely to fuel debate over the taxes corporations pay and their flexibility in locating profits.

The Congressional Research Service analyzed profit data from multinational companies and compared reported profits and other business activity in lower-tax jurisdictions versus higher-tax countries like the United Kingdom and Canada.

Among the findings: American multinational companies reported 43 percent of their overseas profits in the tax havens studied - Bermuda, Ireland, Luxembourg, the Netherlands, and Switzerland - in 2008, the most recent year data was available.

At the same time, these same companies hired only 4 percent of their foreign workforce and made just 7 percent of their foreign investments in these same countries.

"By all indicators examined in this report, profit shifting has generally trended upward over time," the report, dated January 18 said.

The analysis found this trend increasing since 1999.

It is an argument I and the Tax Justice Network have long made. It's good to see more evidence that we are right.

It's also good to note that all those who argue they can see no evidence of tax avoidance when they support transfer pricing into such locations have an increasingly strong case to answer. Let's be clear, choosing to transfer price into such locations is not something that accident. It happens by design. And it is in the design choice to make those places the recipients of intra-group charging that the tax avoidance occurs.