

If the government wants to tackle tax avoidance they ha...

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George Osborne's [deeply disappointing article on tax avoidance in the Observer on Sunday](#) suggested he thought commitment to a very limited form of country-by-country reporting for the extractive industries alone and only with regard to their activities in developing countries would be sufficient to tackle tax avoidance.

That is, of course absurd, if only because it will have no impact on the UK for a start, or secondly on IT and media companies where much attention has been focussed of late. The list of weaknesses in the Osborne approach could go on and on.

Last year the House of Commons International Development Committee realised the poverty of his ambition and [addressed it with regard to country-by-country reporting](#), for example, as follows:

63. At present, international accounting standards do not require corporations to present financial information on a country-by-country basis: such information can be presented on an aggregate basis. Many have advocated the implementation, by the International Accounting Standards Board (IASB), of a standard requiring country-by-country reporting. Christian Aid argues that:

The potential for the private sector to drive development is vast, as DFID has recognised, but this can only provide real benefits for those living in poverty if the returns from the private sector are shared. Therefore, there is a clear need as DFID increasingly promotes private sector led development to also promote mechanisms by which the contribution of the private sector to development can be more effectively assessed, such as a Country-by-Country reporting standard.

64. More specifically, the European Network on Debt and Development (Eurodad) suggest that multinational corporations should be required to present the following items of information for each country in which they operate:

- the names of all the companies they own in each country;*
- their financial performance in each country;*

- *their tax liability in each country;*
- *details of the cost price and carrying value of physical fixed assets in each country, and*
- *details of gross and net assets for each country.*

65. The Parliamentary Under-Secretary of State for International Development assured us that he supported the passage of EU legislation requiring some degree of country-by-country reporting, but was unwilling to introduce such measures unilaterally if agreement within the EU was not reached, for fear of damaging the UK's competitiveness. Evidence we received suggest that-if country-by-country reporting were to be mandated-the extra costs for businesses would be very modest. Mining companies such as Rio Tinto and Glencore do not oppose the measure (indeed, Rio Tinto already report much financial information on a country-by-country basis voluntarily), whilst the Chair of the OECD's Business and Industry Advisory Committee is also broadly supportive.

66. Requiring multinational corporations to report financial information on a country-by-country basis would constitute both a means of detecting tax avoidance and evasion, and a conspicuous deterrent. Given that corporations such as Rio Tinto already report financial information on a country-by-country basis voluntarily, we anticipate that others could follow suit at minimal inconvenience. Irrespective of whether EU-level agreement is reached, the Government should enact legislation requiring each UK-based multinational corporation to report its financial information on a country-by-country basis. Such information should include the names of all companies belonging to it and trading in each country, its financial performance in each country, its tax liability in each country, the cost and net book value of its fixed assets in each country, and details of its gross and net assets in each country. Additionally, the UK should continue to support the progress of similar legislation at EU level.

I think that unambiguous.

Osborne has to explain why he does not get it.

OK, I am biased: I created country-by-country reporting but I am not alone in thinking it fundamental to reform.