

Is the war on tax avoidance just about a little cosmeti...

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Jesse Drucker of Bloomberg has become one of the giants of tax journalism. His [latest is out this morning and in it he argues](#):

In early November, members of the U.K. Parliament assailed executives from Google Inc., Starbucks Corp. and Amazon.com Inc. for moving billions of dollars in profits into tax havens.

Less than a month later, Chancellor of the Exchequer George Osborne said he would lower the U.K.'s corporate tax rate to 21 percent, below Germany and France, from 28 percent in 2010. A month after that, the U.K. cut the rate further, to less than 6 percent, on profit attributed to offshore arms that make loans to other units. These subsidiaries can help U.K.-based multinationals shift income to mailboxes in tax havens.

"Here is a blatant incentive inside the U.K. tax system to move profits previously in London into a tax haven," said Richard Murphy, director of Tax Research LLP in Norfolk, England. "It is just absurd. At the same time, we have people like Osborne saying 'I'm going to crack down on tax avoidance.'"

As he adds, with much evidence:

As politicians in Europe and the U.S. talk tough on corporate tax dodging, several of their governments are helping multinationals lower tax bills. They have been cutting corporate rates, introducing laws that encourage tax avoidance, and rejecting proposals to close loopholes. Even amid growing public outrage in Europe against austerity policies, the gulf between rhetoric and reality on taxation means individuals rather than businesses are often bearing the brunt of higher taxes.

What's he conclusion? As one of his sub-headings makes clear, Drucker thinks that what is happening is cosmetic change.

If so we have a long way to go to beat tax abuse by large companies. And that means we'll all be paying too much in the meantime. And that's the real concern.