

Tax transparency begins at home: what could be done for...

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Politicians from the Coalition have been keen to say in advance of today's G8 summit that progress on tax transparency is dependent upon international agreement. That's true, but only to some extent. As the [Fair Tax Campaign](#) (of which I'm a director) has noted on its web site, there's a lot that can be demanded of companies and be done domestically without any agreement today:

[Fair Tax believes](#) that it is not enough for companies to claim that they pay the right amount of tax in the right place at the right time. They also have to prove it.

Proving that this is the case can be done in a number ways with little or no extra cost arising to companies:

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Companies should commit to paying the right amount of tax in the right place at the right time and explain the governance procedures and policies put in place to make sure that this happens, including the identity of the board members responsible for reviewing this issue together with a summary of their findings each year;

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Companies can be explicit about where they trade and what they are called in each country in which they trade. At almost no cost at all a company could publish a list of all the countries where it has an operation and a list of all its operating subsidiaries in that location (including those that are branches of companies incorporated elsewhere);

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Companies can better explain their use of tax havens, why they are there, what their trade involves and how much each such subsidiary makes in terms of both sales to third parties and other group companies and the resulting profit and tax paid. Since companies have to know this information because if they did not they could not prepare proper group accounts or tax returns this suggestion cannot impose any significant additional cost on companies.

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Multinational corporations could, without any change in the law, put the accounts of all their subsidiaries, wherever they might be in the world, on public record on their group web site. That way if anyone wants to see what the impact of a multinational corporation on a particular community is they would have the opportunity to do so;

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Companies could much better explain the tax charge in their accounts without any change in the law being required. In our opinion they should at a minimum and without the introduction of full country-by-country reporting of the sort referred to below.

All this could be legislated with ease.

So too could extending the new General Anti-Abuse Rule so that it became a genuine General Anti-Tax Avoidance Principle capable of being used to attack abuse of tax treaties.

And the UK can also impose its wishes on its own tax havens.

Yes, international agreement on some issues - such as automatic information exchange - would be enormously beneficial, but tax transparency begins at home and it is important that we remember that.