

Google accused of sidestepping £150m in UK tax last ...

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As [the Daily Mirror notes this morning](#):

Google has been accused of using clever accounting to avoid paying around £150million of UK tax last year.

Critics say the internet search giant paid only £11.6million corporation tax on £3billion sales here in 2012.

This was, of course, because Google maintains that its UK arm mainly provides marketing services to its offshoot in Ireland. The consequence was that in its most recent accounts, filed yesterday, Google UK's turnover was £506m. It made profit of £36.8m profit and paid £11.6m of corporation tax on that.

However, as Reuters note, Google has admitted that UK sales were \$5.5 billion - a figure likely to be well in excess of £3 billion but only £396 million of value related to that was recorded in the UK accounts - being the sales commission earned here. The result is that, as the Mirror have noted, I have said:

“By accounting for the UK that way, Google may have reduced its tax bill by around £150million last year.”

The logic is that maybe £2.8 billion of Google's sales by value did not get into a UK set of accounts. The margin that Google makes right now is about 23% overall so that's around £650 million or so of profit not recorded in the UK on which tax due would have been around £150 million during 2012.

The argument has been well rehearsed with Google saying this is all just fine and HMRC appearing unwilling to challenge that. But I continue to believe that this is tax abuse and just hope the Organisation for Economic Cooperation and Development BEPS project challenges such arrangements in future. If not, the prospects for tax being paid by those who really owe it and a level playing field for business are remote. And that worries me in both cases. I don't like monopolies and I don't like tax abuse. What baffles me is why anyone, bar a beneficiary of the arrangement, should.