

The EU, competition and tax

Published: January 13, 2026, 12:06 am

As has been widely reported, the EU is to investigate the application of tax law to specific corporations in Ireland, the Netherlands and Luxembourg. I broadcast on this several times yesterday but have not commented.

Let's ignore the companies involved for now: these are test cases, and the EU has specifically reserved the right to look at more.

And let's also get straight out of the way the idea that this is about putting the tax systems of these places on trial: it is not. No one in the EU has the legal power to say these countries may not, for example, offer low tax rates.

That's not what the investigation is about. The investigation is about whether or not sweetheart deals have been done on transfer pricing, residence (and maybe other issues) to make already low tax rates even more attractive to multinational corporations.

My suspicion is Ireland and Luxembourg have very good reason to be worried. Starbucks walked the Netherlands straight into this with their evidence to the Public Accounts Committee.

That's the process then, but that is only stage one. If evidence is found the investigation can be widened. And if abuse is found then fines can be imposed on the states in question. Note, the states. They need to be worried.

And we need to welcome this attack on tax competition.