

## Make believe and tax avoidance are pretty much the same..

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The latest Luxleaks revelations on the tax arrangements of Skype show just how far make believe and tax avoidance have coincided, especially, it seems in the case of Ernst & Young (or EY as they now prefer to call themselves).

As [the Guardian reports](#), Skype did a deal with the Luxembourg tax authorities, arranged by EY, in which they were taxed in Luxembourg on the basis of it being assumed that 95% of the income of a Luxembourg company was paid as a dividend to an Irish intellectual property owing company from which that income then returned as dividends. As a matter of fact the dividends weren't paid but Luxembourg was asked to tax the company on the basis that they had been - on other words on the basis of a pure fiction. And Luxembourg agreed.

The consequences should be obvious. First an EU Competition Commission enquiry should follow.

Second, Skype has to confirm if this is still happening.

Third, questions have to be asked of EY's ethics. If it can promote tax schemes that are a pure fantasy then it clearly has answers to provide on how it conducts its tax practice. In my opinion this is profoundly unethical. If that is the case, who is going to bring them to book?

Fourth, as I have long argued, we now have to accept that much tax avoidance is simple fabrication of the truth with transactions concocted purely for tax gain. Although in this case it got even worse than that. Here fantasy and tax avoidance coincided taking us into new realms of abuse.

This is greta work by all the journalists involved. But the question remains; will anything happen as a result?