

Caroline Flint MP on country-by-country reporting in th...

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I am reproducing here the [vast majority of a speech made by Caroline Flint MP](#) during the budget debate yesterday as I think it worth sharing. [Carline Flint did, of course, introduce a Bill to require country-by-country reporting in the Commons on Tuesday.](#)

I would like to offer the Chancellor one suggestion to improve the country's tax take. I am talking about the light or no taxes paid by those who manipulate international tax arrangements to their own advantage but to the detriment of the countries in which they trade. Some of his suggestions are interesting-I will look at them in more detail-and could prove helpful in tackling that problem, but we do not know how a company as large as Google, with thousands of UK staff and five offices and global revenues of \$74 billion in 2015, paid just £130 million in tax after a six-year investigation into what it should have paid over 10 years. The problem is not confined to Google. There is Facebook, AstraZeneca, Vodafone, British American Tobacco-the list of corporate giants with light UK tax bills goes on and on.

We might not like it, but those companies have not acted illegally. They are planning their taxes to pay less by exploiting different tax rules in different counties. Yesterday, I brought in the Multinational Enterprises (Financial Transparency) Bill-a catchy title-to ensure that important information about large companies' revenues and tax planning is published. I am delighted to have the support of every member of the Public Accounts Committee, be they SNP, Labour, Conservative or Liberal Democrat. I have the support of more than 50 MPs from across the parties, as well as that of [Fair Tax Mark](#), the Tax Justice Network, Oxfam, [CAFOD](#), Action Aid and [Christian Aid](#).

The problem that every country is struggling with, but which no one country can solve, is profit shifting by multinationals. A company doing a lot of business in the USA or the UK can transfer profits to a low-tax country, such as Ireland, where corporation tax is 12.5%, or Bermuda, where it is zero. In 2010, the total company profits reported as coming from Bermuda were 1,643% of the size of the country's GDP. If multinationals trading in the UK pay much lower corporation taxes by transferring profits, that gives them an advantage over domestic businesses that pay what is due here. My Bill has been nicknamed the Google Bill, but it is not about Google, and it is not even about

online businesses alone, because we know that the problem extends to coffee chains, oil companies, drinks companies and pharmaceuticals. What they all have in common is that they are multinationals.

For many years, development organisations felt that it was an injustice if a firm was mining or producing oil in Africa but paying no tax there. Charities say that developing countries lose more in potential revenue each year owing to corporate tax dodging than the amount given to them annually in overseas aid by all richer countries. That made me stop and think about how much more we could do to enable developing countries to prosper and be more self-sufficient through measures such as my Bill. Aid is vital to poorer nations, but just as important is a hand-up rather than a hand-out. This will not happen unless we force companies to come clean.

I welcome and support the Government's action in legislating to ensure that reporting on taxes, revenues and employment, including in other countries, is shared with our own Revenue and Customs. That will affect about 400 companies here in the UK. The Chancellor has said that he supports that information being published, which my Bill would provide for, so why wait for everyone in the G20 to do that? The data are not commercially sensitive; we are not asking for companies' whole tax return or future business plans. The principle is that publishing means that everyone gets the chance to see the bigger picture. I believe that the tide is turning against secrecy, and organisations such as Fair Tax Mark encourage companies to declare that they have paid their taxes and do not use tax havens. I want every large company to meet that test.

I wrote to the [Chancellor](#) last week, but clearly he did not see my letter seeking his support for my proposal to go into the Budget. However, he should not worry, as it is not too late. A new [Finance Bill](#) will follow the Budget debate, and with cross-party support behind me I will seek to amend it. Alternatively, the Government could adopt the measures that I have outlined. I believe they are in the interests of social justice, fairness and good business. Publication can make a difference and put pressure on companies to play fair and pay up.

I agree with that.