

Facebook smells its Starbucks and faces the inevitable ...

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The [Guardian has reported](#) that:

Facebook will pay millions of pounds more in UK tax after approving fundamental changes to its corporate structure in Europe.

Starting in April, the world's largest social network will change its policy so that revenue generated from its largest advertisers displaying content on Facebook will be routed through the UK rather than Ireland. The change will generate higher taxable revenues in Britain and forms part of the US company's plan to mitigate heavy criticism of tax avoidance.

I have already declined three five television interviews on this: there are just days when work has to be done, but let me summarise what I would have said here.

First, there is nothing magnanimous about this. Ireland has been forced to scrap the Double Irish tax arrangement that I helped draw attention to so long ago when first writing on Google and its tax affairs. Facebook did, as a result, have to bite the bullet on this issue sometime soon. It has just decided to get on with it and try to claim some credit as a result for something it had no choice but do.

Second, the fact that Facebook can decide to do this and so in all likelihood pay more tax shows that these structures were always voluntarily adopted with the sole purpose of avoiding tax. No one is suggesting Facebook will suffer any loss of revenue as a result of this change. This gives complete lie to Google's current claim that it could not pay more tax in the UK. Of course it could. They really would be wise to take note.

Third, this shatters the [HMRC claim](#) made only this week that the structure Facebook and Google have been using is just the way corporation tax works. No it isn't. They really need to smell their Starbucks.

And last, this shows consumer pressure and civil society action is changing tax. Without either there would be no such reform and the OECD would not have done its BEPS project that has contributed to this change. The win is ours, and society's at large.

This is good news. The remaining questions are why did it take so long and when will others, Google included, follow suit?