

KPMG really do have to learn how to account for tax

<https://www.taxresearch.org.uk/Blog/2016/03/08/kpmg-really-do-have-to-learn-how-to-account-for-tax>

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KPMG's [2015 accounts](#) were drawn to my attention by Alex Cobham of the Tax Justice Network yesterday. They include, upfront for all to see and absorb, this extraordinary table:

Taken at face value, and I am sure that is what KPMG would wish, the claim made is amazing: KPMG pays 40.1% of its revenues in tax, a sum that represents 205% of its profits.

Then go to the detail and you find this is not the case:

The business actually paid £113 million in tax, much of which would have been treated as a cost itself capable of offset against income in the calculation of taxable profits of the partners. And the rest? That was paid by employees and customers and had nothing to do with the partners as such at all. What is more, the figures are actually supplied on a cash basis, so they are not even prepared on a basis comparable with the rest of the accounts.

This then is neither relevant or reliable evidence in accounting terms. Nor are the figures included comparable: some are based on pre tax data and others on taxable income and others still (VAT) on neither. What is more, a cash basis is not consistent.

To be blunt, this figure that KPMG trumpets is accounting data of the lowest form. In fact, it is hard to call it accounting data at all so flawed is the basis on which it is prepared.

I have welcomed KPMG's interest in the Responsible Tax debate, but providing data of this sort does not help them or that debate. This is just propaganda when facts based on proper accounting are needed and that will not do.