

Time for an Alternative Minimum Corporation Tax?

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I have a new article under [the above title published by BNA Bloomberg](#).

The aim of what I call an Alternative Minimum Corporation Tax is simple: it is to ensure that the profits of a multinational corporation are taxed at least once whilst respecting the right of each state to make its own choices on tax, none of which are violated by the proposal I make.

I am entitled under the publishing agreement to reproduce the article here, [but it's as easy to follow the link](#).

What is important are the advantages of such a tax. These I summarise as:

First, tax payment on profits is ensured.

Second, the objective of taxing profit once only is greatly assisted.

Third, profit shifting becomes a largely meaningless exercise.

Fourth, as a result most tax game playing will come to an end: in effect most tax haven usage will cease to be of benefit.

Fifth, certainty on taxation will increase: this is what business always says it wants.

Sixth, stakeholder confidence in business will grow.

Seventh, investor risk will fall, which is likely to improve share prices.

Eighth, the focus in business will be on the actual location of economic activity and not tax, which is likely to improve decision-making and so the rate of return on capital.

Ninth, tax administration, audit and dispute costs are likely to fall as any sums under dispute will be reduced.

Tenth, there will be a focus on improved tax and profit reporting as parallel tax books

will cease to have as much relevance as they have in the past.

So is it a panacea? No, full unitary taxation based on much improved tax reporting that eliminates the anomalies of financial accounting when used for tax purposes in the accounts of multinational companies would be better than an AMCT. But for now, AMCT could pave the way to that outcome. I believe the time has come to give it serious consideration.

I am aware some will raise objection: this is however a serious proposal to solve an international problem threatening the credibility of world markets and the companies that operate in them. It is time that solutions such as this were given appropriate attention.