

Airbnb's tax and its licence to operate

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Airbnb's [tax affairs are discussed in the Guardian this morning](#), with fairly extensive commentary by me on my concern that the UK is being used as a location in which Airbnb appears to record expenses arising on foreign exchange losses relating to transactions where the related income does not appear to be taxable in this country.

My suggestion is a simple one. The first is that accounting requires that costs and revenues be matched, and this does not appear to be the case here. Instead Airbnb appears to be simply reimbursing the costs incurred in the UK. That means the revenues are elsewhere, and elsewhere in this case is low tax Ireland. I suggest that the UK is being used to facilitate that.

Second, I am suggesting that this does not fit with the way existing tax rules should work: these are meant to work on an arm's-length basis with subsidiaries supposedly required to trade with each other across international boundaries as if in an open market place. Cost reimbursement, which Airbnb seems to admit is what is taking place, does not easily fit with this model and can only fuel demand that it be replaced. This again suggests that costs but not the matching profits are being incurred in the UK and this, I suggest, is inconsistent with the arm's-length principle.

Third, the result is that it looks like a manufactured small profit is left taxable in the UK. Let's be clear: tax is paid. The problem, as ever, is that we have no idea whether, how, or why this sum is appropriate and so speculation on what has gone on is inevitable. This is undesirable: we don't need speculation on this issue; what we need are facts.

There is an answer to these issues, of course. If Airbnb published country-by-country reporting data we could see what contribution it really made to each economy in which it operates, how much profit it declared there and what any misalignment might be. Then really informed discussion might take place on the tax that was really due. Instead we are left speculating. Airbnb may not like that but the alternative is in its own hands: it can provide the data to let us decide. And at a time when global corporations really do need to account locally for what they do if they are to retain their licence to operate - which is a crucial issue for companies like Airbnb - then this should be a matter of the

highest priority for them.