

## Unitary taxation is the way forward for the Europe

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There are days when running a blog intrudes into life. Yesterday was one. A touch of early hyperactivity on my part led to 100 or so, mostly long, comments to moderate. That takes time. So today the heat may be turned down slightly. On this blog that's easy. I talk about tax.

The [FT noted on Sunday](#) that:

Multinationals' agility in shifting profits between jurisdictions constitutes a problem. In principle, economic activity should be taxed where it takes place. Technology companies do not fit neatly into such a system; but even if Google's tax arrangements are legal, the sales it declares in France are clearly not commensurate with the scale of its activities there. Such discrepancies undermine public faith in the equity of the tax system.

And this is a real issue: there is a clear issue that loss of faith in the system is a cause for the tax gap. There are of course moves afoot to tackle this, but as the FT also notes:

*An increasingly assertive actor, however, is the European Commission. ... [T]here may now be new Franco-German backing for the commission's push to create a bloc-wide common corporate tax base. This is a promising idea: it should help tackle tax avoidance, while giving companies clarity about what they could expect to be taxed on. It should not prevent countries setting competitive tax rates. A global deal is the ultimate goal, but much can be done before international efforts bear fruit. Companies will always strive to minimise their tax bill. Governments must show equal ingenuity and perseverance to keep pace.*

This issue is on my work agenda: I support the Common Consolidated Corporate Tax Base as the best practical way to get unitary taxation under way. I am pleased the the FT does as well.