

## The will and wisdom to deliver international tax justice...

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Tax justice has always been a serious issue. It's always been about development, poverty, the rule of law, equality (and inequality) in all its forms, support for fair business, good governance, accountability and more besides. That's why it is integral to social justice, the continued existence of the state, fair markets and, now, international relations within the G7.

The time when tax justice could be played with by politicians as a way to pretend that they were either doing something about either development or financial crises by pretending both issues only had consequences anywhere but in their own jurisdictions, are long gone. As the [Guardian](#) has reported:

*One of the most senior figures in the US government has warned Sajid Javid to delay a “discriminatory” tax on big tech companies, in the latest sign of tensions with Donald Trump’s administration ahead of critical trade talks.*

*Steven Mnuchin, the US treasury secretary, used a breakfast meeting with the chancellor on Saturday to warn him directly against applying the new tax as part of his forthcoming budget.*

The problem of tech company tax is too well known to spend much time talking about. [It's more than a decade now since I first helped research this story](#), then in partnership with the Sunday Times. And now, despite all the due notice given to countries around the world since then there is no solution in obvious sight.

We know that solution is country-by-country reporting and unitary taxation. But we also know that current winners from the existing system of global taxation are like all rentiers - they don't want to give up their claim on an income stream that they have not earned.

I make the link deliberately. If the neoliberal focus on extracting reward and not actually making it had not become the obsession of the corporate world - where most of whom have forgotten what the true nature of enterprise is - then this problem would not exist. The tax issue we face is, after all, the corollary of that neoliberal obsession

with financial engineering which they describe as the free flow of capital but which might more fairly be described as the free flow of exploitation.

The US challenge to the UK is driven by nothing more than a desire to extract value from the world's economies which value very clearly arises anywhere but the USA.

I stress, I am not saying nothing is due to a US company for the creation of its technology.

But I am saying that when almost all the reward in an activity flows to a country where it very clearly cannot arise, because at the end of a day only a customer ultimately creates value for an enterprise, then there is something profoundly wrong with the tax system.

Some of us have been saying this for a long time. The warning signs were noted. But the OECD Base Erosion and Profits Shifting process has not solved this problem, not least because the USA has never really bought into the idea of international tax cooperation, especially when it is created in Paris.

Now we have a crisis. And it's within the G7. And right now it appears insoluble. That's because the problem is not really the tax system itself: that, as I have noted, we can solve. The problem is that the form of capitalism that the tax system is trying to assess is not amenable to that charge precisely because it has been created to avoid it. The crisis is, then, not just systemic but existential.

The world's major corporations are beginning to say that they realise that they must exist to serve wider stakeholder communities. Whether they really mean that is, as yet, open to question. The evidence is not yet available to assess what they really mean. But what we also need is an awareness from governments - and that of the US in particular, but it is not alone - that there is a need for them to also realise that the world is changing and they also have stakeholders beyond their own organisations - which in their cases are countries - and that these stakeholders also need to be taken in to account.

Is this an ask too much? Can we really imagine countries acting in the collective international interest when there is little sign that most have, and populism is driving us in the exact opposite direction? I am not optimistic. But tax justice has certainly grown up when it is now at the core of international dispute, and not at the peripheries but at the very core of the world power structures.

The outcome is anyone's guess. But I stress, the answers are not hard to find. The will and wisdom to pursue them may be in much shorter supply.