

Sunak scored an own goal on tax at the G7 and now wants...

Published: January 12, 2026, 11:05 pm

The [G7 tax agreement](#) reached at the weekend continues to attract attention, and rightly so.

One dimension that has now been noticed by Chancellor Rishi Sunak is one that I drew attention to almost immediately, which is that the so-called Pillar 1 aspect of the deal, which reallocates part of the profits of companies with greater than 10% profit margins to the countries where their customers might be located, will have a significant impact on banks, where profit margins in excess of 10% are commonplace. For a deal supposedly aimed at tech this one brought in much of the financial services sector as well, although not inappropriately. My [own research has shown that profit shifting for tax is widespread in this sector](#).

Sunak's prediction is what might now be called typically British. As the FT noted, having signed the deal he now wants to change it. [As they say](#):

Sunak said the weekend's "historic agreement" by G7 finance ministers would force "the largest multinational tech giants to pay their fair share of tax in the UK". But one official close to the talks said the UK was among the countries hoping "for an exemption on financial services", reflecting Sunak's fears that global banks with head offices in London could be affected.

It takes a special sort of ability to not know what you are signing, but it is one which this Cabinet has perfected.

And for a former City banker who made much from the 2008 crisis it takes some considerable level of financial ignorance to not see the implications of the deal for banking.

But apparently, Sunak was unaware of what he was doing and is now regretting it.

I predicted that the [Big 4 accountants](#) would be working hard to undermine this deal. Now expect Sunak to give them a contract to do so, but not publish the details, of course. It would fit the whole government modus operandi if such a thing were to

happen.

And will there be a back-tracking? I think you can take it as read that there will not be. There will instead be more spectacular own goals like this, to add to the pile already accumulating from Brexit.