

**BREAKING**

# Microsoft among Silicon Valley giants accused of avoiding billion in taxes

**NEWS**

Fair Tax Mark, a British organization that certifies businesses for good tax conduct, assessed global tax payments from Facebook, Apple, Amazon, Netflix, Google and Microsoft between 2010 and 2019. The report noted that scrutiny of big corporations' tax payments often focused solely on tax provisions, which was not always the final amount received by governments. It also claimed that profits continued to be "shifted to tax havens, especially Bermuda, Ireland, Luxembourg and the Netherlands." Paul Monaghan, CEO of Fair Tax Mark, said there was an enormous difference between what companies accounted for and what they actually handed over in taxes.

In terms of ranking, none of the Six is an exemplar of responsible tax conduct. However, the degree of irresponsibility and the relative tax contribution made does vary. Amazon has paid just \$5.9bn in income taxes this decade, Microsoft has paid \$55.3bn. Our ranking of 2019 worst tax conduct as follows:

- 1st Amazon
- 2nd Facebook
- 3rd Google / Alphabet
- 4th Netflix
- 5th Apple
- 6th Microsoft



Chief Executive of the Fair Tax Foundation, Paul Monaghan said: "These figures provide solid evidence that substantive tax avoidance is still embedded within many large multinationals and nothing less than a root and branch reform of international tax rules will remedy the situation."

"Microsoft is fully compliant with all local laws and regulations in every country in which we operate," a spokesperson told. "We serve customers in countries all over the world and our tax structure reflects that global footprint." Microsoft paid the highest rate of tax and had a cash tax rate of 16.8%, the research showed.

Thus, can we consider Microsoft the best of the worst? A meagre consolation, indeed! Microsoft may have avoided more than \$155 billion in taxes over ten years.

Recently, Microsoft Round Island One, an Irish subsidiary of MS, used its Bermudian resident status to avoid paying even a penny's worth of taxes on \$315 billion of profit. As reported by the Guardian, Microsoft Round Island One, the company with zero employees to its name (besides directors), is not subject to tax because it's tax resident in Bermuda, a UK territory that doesn't charge corporation tax. This leaves a pretty big question out in the open: How does a company with zero actual employees make \$315 billion in profit and not pay taxes?

Moreover, a recent Action Aid research shows that, among others, Microsoft should be paying more corporation tax in developing nations. The aid charity estimates that poorer countries are missing out on up to \$2.8bn (£2.2bn) in tax revenue that could be used to transform underfunded health and education systems in some of the world's poorest countries.



Microsoft declined to comment. Multinational corporations are currently not required by law to publicly disclose how much tax they pay in some developing countries. The aid charity said its research showed that the developing nations with the highest "tax gaps" from Microsoft are India, Indonesia, Brazil, Nigeria and Bangladesh.

"Women and young people are paying the price for an outdated system that has allowed big tech companies, including giant like Microsoft, to rack up huge profits during the pandemic, while contributing little or nothing towards public services in countries in the global south," said David Archer, global taxation spokesperson for ActionAid International. "The \$2.8bn tax gap is just the tip of the iceberg - this research covers only three tech giants: Facebook, Alphabet (Google's owner) and Microsoft. But alone, the money that they would be paying under fairer tax rules could transform public services for millions of people."

**Sources:**

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