



The Silicon Six and their enduring global tax gap

The Silicon Six and their enduring global tax gap

Contents

I.	Executive summary	3
II.	About the Fair Tax Foundation	4
III.	Background.....	5
IV.	The Silicon Six and their \$250bn global tax gap.....	6
V.	Profits booked overseas and taxes paid, far lower than revenue raised.....	8
VI.	Aggressive tax practices continue to rise.....	9
VII.	Money for old rope – the FDI tax break.....	9
VIII.	Silicon Six tax gap shows need for a Global Minimum Tax.....	10
IX.	Silicon Six: ranking	11
X.	Pressing need for improved financial transparency.....	12
XI.	Looking forward.....	12
XII.	Endnotes	14

I. Executive summary

This report, *The Silicon Six and their enduring global tax gap*, analyses the long-run effective tax rate of the Silicon Six (*Alphabet/Google, Amazon, Apple, Meta/Facebook, Microsoft and Netflix*) over the past decade. It is a variation of analysis we last undertook in 2019 and 2021.

These businesses dominate digital infrastructure and services across many parts of the world. Together, they have a combined market capitalisation of \$12.9tn and are worth more than the entire FTSE 100 and Euro Stoxx 50 combined. Their revenue was \$1.8tn last year, which is greater than the annual GDP of all but eleven nations. They exert enormous political influence as well as economic power: spending \$115mn directly lobbying government in the United States and European Union in 2024.

Once again, we find a significant difference between the corporate income cash taxes paid and both the expected headline rates of tax and the reported current tax provisions. Over the past ten years, the Silicon Six have generated \$11tn of revenue and \$2.5tn of profits, which has been subject to just 18.8% corporate income tax across the globe at a time when the combined corporate income rate averaged 29.7% in the United States and 27.0% worldwide. If one-off repatriation tax payments connected to historical tax avoidance are excluded, the Silicon Six's corporate income tax contribution falls to 16.1% over the past decade.

Over the period 2015 to 2024:

- the gap between the headline rates of tax and the corporate income cash taxes actually paid was \$277.8bn
- the gap between the current tax provisions and the corporate income cash taxes actually paid was \$82.1bn

Despite nearly half of their revenue (49%) being derived overseas, just 36% of profits are booked outside the United States and just 30% of current tax provisions are reported as being 'foreign' over the past ten years – with the corporate income cash taxes paid overseas being likely lower still. Overseas revenue would seem to be generally subject to much lower rates of income tax than US-booked domestic revenue – due to a combination of lower booked margins and profit-shifting to low-tax jurisdictions.

There is evidence that aggressive tax practices are still firmly embedded among the Silicon Six. Their reported uncertain tax positions have more than tripled over the decade, and now collectively total \$82.5bn. In other words, the Silicon Six have claimed \$82.5bn of tax benefits that they believe they will likely lose upon tax authority audit. Furthermore, the persistent growth in these tax contingencies is likely to be substantially inflating the reported tax charges of the Silicon Six and presenting a false impression as to the size of their tax contributions.

Much of the Silicon Six's overseas revenue is subject to 'tax haven' level rates of corporate income tax in the United States via a tax break for foreign-derived intangible income. This is especially so at *Meta (Facebook), Alphabet (Google)* and

Netflix, where the Foreign-Derived Intangible Income (FDII) deduction reduced their effective tax rate by a substantial five percentage points each in 2024. The FDII has been worth \$30bn to the Silicon Six over the past three years alone.

Our ranking of 2025 once again matches that of 2019 and 2021: with our ranking of worst tax conduct as follows:

- 1st *Amazon*
- 2nd *Meta (Facebook)*
- 3rd *Alphabet (Google)*
- 4th *Netflix*
- 5th *Apple*
- 6th *Microsoft*

To redress the situation, and ensure a fairer tax contribution, it is suggested that:

- The United States end the FDII tax break and embrace the OECD 15% Global Minimum Tax.
- Other countries give more serious consideration to the degree to which the Silicon Six's overseas revenue is subject to low levels of corporate income tax and develop more assertive responses to ensure that a fairer tax contribution is secured and so that more equitable business competition can operate within their jurisdictions.
- The UK should additionally catch up with international peers in Europe and Australia and mandate public Country-by-Country Reporting by multinationals, so that it is clear what revenue, profit and taxes are being paid in each jurisdiction.

II. About the Fair Tax Foundation

The [Fair Tax Foundation](#) launched in 2014 and operate as a not-for-profit social enterprise. We believe companies demonstrating responsible tax practices should be recognised and celebrated, and any global race to the bottom on corporate income tax resisted. Tax avoidance doesn't just rob public services of vital revenue, it also undermines the ability of business to compete fairly, reduces national productivity and exacerbates inequality.

We have developed the [Fair Tax Mark](#), the world's first certification for responsible tax conduct, which is now widely regarded as being the gold standard for business worldwide. Certification has been secured by 270 businesses, which together employ more than 400,000 people and contribute €6.1bn / £5.3bn / \$6.5bn annually in corporate income tax worldwide. Our progressive community has grown to embrace businesses headquartered in the UK, Denmark, Germany, Finland, Italy, Spain, Sweden and the Netherlands.

Other initiatives include the [Tax Responsibility and Transparency Index](#), Fair Tax Week and the Councils for Fair Tax Declaration. See <https://fairtaxmark.net>

III. Background

The Silicon Six (*Alphabet/Google, Amazon, Apple, Meta/Facebook, Microsoft and Netflix*) are some of the world's largest companies. These businesses dominate digital infrastructure and services across many parts of the world, and together, they have a combined market capitalisation of \$12.9tn.ⁱ By comparison, the entire FTSE 100 has a total market capitalisation of £2.2tn (\$2.8tn) and the Euro Stoxx 50 is worth €4.9tn (\$5.3tn). The revenue of the Silicon Six was \$1.8tn last year, which is greater than the annual GDP of all but eleven nations.ⁱⁱ They exert enormous political influence as well as economic power: spending \$78.4mn in 2024 directly lobbying government in the United States;ⁱⁱⁱ and, dominate lobbying in the European Union with a collective direct spend of €33.5mn.^{iv}

In this report, we examine the collective tax conduct of the Silicon Six over the ten-year period 2015 to 2024, rank them and make several public policy suggestions. This is the third time we have undertaken such an analysis. Previously, we examined their conduct in 2019 (looking at the period 2010–18) and in 2021 (period 2011–2020).

Analysis concentrates on the information contained in the Form 10–K annual filings in the United States, where the companies are incorporated.^v The 10–K filings provide statutory details of annual total tax provision, current tax provision and deferred tax provision, broken down by domestic national, domestic local and foreign sub-components. None of the Silicon Six provide more transparency than is required by law, including no breakdown whatsoever of corporate income cash taxes paid. As a result, this report is forced to make several inferences from the limited information available.

At the Fair Tax Foundation, we generally concentrate on working with progressive business and the celebration of responsible tax conduct. We largely leave the 'naming and shaming' to others. In fact, we regularly engage with journalists and politicians and explain that what sometimes seems like tax avoidance, is simply routine tax planning and lies within both the letter and spirit of the law. However, the enormous economic and political impact of the Silicon Six warrants, we believe, extra attention and discussion – not least, the question of whether they are making a 'fair tax contribution' around the world. Because tax avoidance doesn't just rob public services of vital revenue, it also undermines the ability of business to compete fairly and reduces national productivity.^{vi}

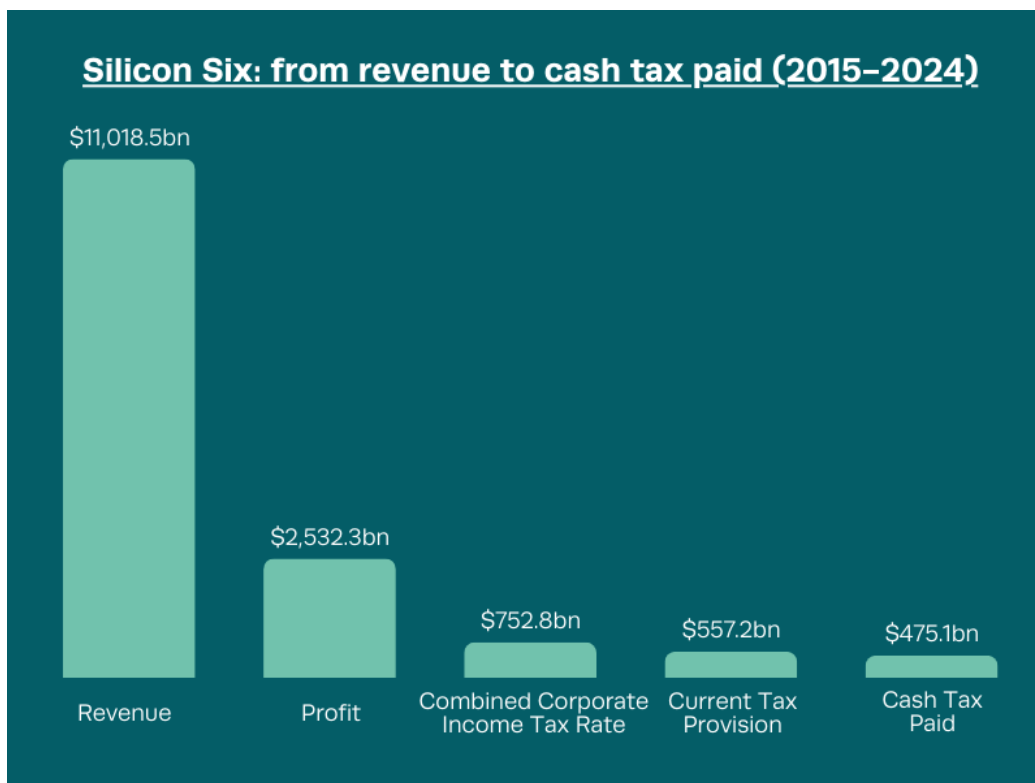
It is possible, if unlikely, that one or more of the Silicon Six are misunderstood paragons of responsible tax conduct and whole-heartedly embrace both the spirit and the letter of tax laws across the globe. In which case, their lack of transparency is placing them at a disadvantage, and we would urge them to join the growing community of businesses around the world that willingly provide a country-by-country breakdown of revenue, profit and taxes (see section x).

Each of the Silicon Six were provided with a draft of this report and an opportunity to comment.^{vii}

IV. The Silicon Six and their \$250bn global tax gap

Over the past ten years, the Silicon Six have generated \$11tn of revenue and \$2.5tn of profits, which has been subject to just 18.8% corporate income tax across the globe.^{viii} This was at a time when the combined corporate income tax rate averaged 29.7% in the United States and was 27.0% worldwide (as explained below).

- The United States has operated a *federal* corporate income tax rate of 21% since 2018, before which it had been 35% for large businesses.^{ix} However, supplementary *state* corporate income taxes are also due across most of the country, which currently range from 1% to 10%.^x This brings the *combined* corporate income tax rate of the US up to 25.6% in 2024.^{xi} It averaged 38.9% over the years 2015–2017 and 25.8% over the years 2018–2024. Over the ten years of this study, 2015–24, it averaged 29.7%.^{xii}
- The average *combined* corporate income tax rate worldwide over the past ten years was 27.0% and 25.0% in Europe.^{xiii}



Furthermore, the corporate income cash taxes paid over the past decade are artificially inflated by one-off transition tax payments that are connected to the repatriation of accumulated foreign subsidiary earnings not previously subject to US income tax.^{xiv} In total, \$68.6bn of transition tax payments have been noted in the 10-K filings of *Alphabet*, *Apple*, *Meta* and *Microsoft* over 2017 to 2019, payable over up to eight years.^{xv} **If these one-off payments connected to historical tax avoidance are excluded, the Silicon Six's corporate income tax contribution falls to 16.1% over the past decade.^{xvi}**

Over the decade, there is a significant difference between the corporate income cash taxes paid^{xvii} and both the headline rates of tax and the reported current tax provisions. Over the period 2015 to 2024:

- the gap between the headline rates of tax and the corporate income cash taxes actually paid was \$277.8bn^{xviii}
- the gap between the current tax provisions and the corporate income cash taxes actually paid was \$82.1bn

A deviation between cash taxes paid and the expected headline rate is to be anticipated, both annually and over time (albeit not at the level we found in this report). There are many good reasons why a business may not be paying high tax rates over a given period – for example, it may have carried forward losses, or is claiming tax reliefs within both the spirit and the letter of the law. But for such a significant deviation to persist between cash taxes paid and the current tax charge suggests a continued worryingly divergent approach between the financial reporting of corporations to their investors and their reporting to tax authorities. One consequence of this is the persistent growth in uncertain tax positions and tax contingencies, which are likely inflating the reported tax charges of the Silicon Six and presenting a false impression as to their actual tax contributions (see section vi).

In many parts of the world, the Silicon Six (and US Big Tech in general) are likely paying much lower rates of corporate income tax (and profits taxes more generally) than other highly profitable sectors, such as oil and gas, energy and banking. For example, in addition to standard corporate income tax:

- A recent study commissioned by the European Business Tax Forum (EBTF) of the largest companies headquartered in Europe found that the energy, utilities and resources sectors, along with financial services, together accounted for nearly three-quarters (73.2%) of all profit taxes paid. Against a background of profit taxes being 53% of all taxes borne.^{xix}
- In 2022, the Council of the European Union agreed to impose an EU-wide windfall profits tax, or “solidarity contribution,” on fossil fuel companies (oil, gas, coal, and refining sectors). A cap was also set on market revenues for electricity generators that use infra-marginal technologies to produce electricity, such as renewables, nuclear and lignite.^{xx}
- Since 2022, EU banks have been enjoying historically high profits. Against this background, almost half of EU countries have introduced new taxes on banks.^{xxi}
- In the UK: the banking sector is subject to an additional bank surcharge and a bank levy^{xxii}; there is an Energy (Oil and Gas) Profits Levy to tax the “extraordinary profits of oil and gas companies operating in the UK and on the UK Continental Shelf”^{xxiii}; and, there is a an Electricity Generator Levy on the “exceptional receipts generated from the production of wholesale electricity”.^{xxiv}

V. Profits booked overseas and taxes paid, far lower than revenue raised

Despite half (49%) of their revenue being derived overseas, just 36% of profits are booked outside the United States and just 30% of current tax provisions are reported as being 'foreign' over the past ten years – with the corporate income cash taxes paid overseas being likely lower still.^{xxv}

Cash tax paid overseas information is not available, but it is safe to conclude that overseas revenue is generally subject to much lower rates of income tax than US-booked domestic revenue – due to a combination of lower booked margins and profit-shifting to low-tax jurisdictions.^{xxvi}

Take the example of *Microsoft* in the UK, where the well-established subsidiary had a margin of just 3.6% in 2022 (when the global margin was 42.2%) and the immediate parent company is *Microsoft Ireland Research* (which licenses the rights to assets to others within the group). The UK accounts relating to that year note a change of transfer pricing methodology was necessitated, which resulted in the payment of £136mn of additional tax relating to prior years. Subsequently the margin increased, but only to 7.8% in 2023.^{xxvii} Moreover, it is still the case that business customers in the UK are billed for use of Microsoft 365 directly from *Microsoft Ireland Operations Ltd*; similarly, UK-based customers of LinkedIn (part of *Microsoft*) are billed directly by *LinkedIn Ireland Unlimited Company*.

Such instances should be a matter of urgent consideration for jurisdictions across Europe and the rest of the world, with appropriate responses progressed to ensure that a fairer tax contribution is made (as per banking and energy sectors) and so that more equitable business competition can operate within their jurisdictions.

Analysis by Dyreng et al (2023) of 25,000 firm-years of US-incorporated multinational companies has also concluded that: "the aggregate amounts of shifted income and income booked in tax havens are dominated by a small number of very large firms and firms in the computer and pharmaceutical industries."^{xxviii}

The challenge of how to better tax the digital economy, given many digital service providers have little or no physical footprint in many markets, has been a source of consideration of the OECD and its members for many years, leading in 2020 to what are known as the Pillar One proposals.^{xxix} However, these Pillar One proposals are very unlikely to advance given their design, which requires the support of two-thirds of the US Senate.^{xxx}

More than a dozen countries have therefore unilaterally advanced national Digital Services Taxes (DST), which vary in both scope and rate.^{xxxi} The UK's 2% DST was launched in 2020 and currently raises £800mn per annum.^{xxxii} In France, the DST rate is 3%, where it is raised €680mn in 2023, and there is discussion of it rising to 5%.^{xxxiii} In Austria and Turkey, the DST is 5% and 7.5%, respectively. Such a myriad of unilateral measures is not an ideal way to reach a global solution, but these initiatives combine to maintain pressure and ensure that this matter is not swept under the table. They have merit in the absence of a global solution, and serve to put pressure on the Silicon Six to engage positively with global bodies that are seeking to secure international agreements on a fairer tax contribution.

VI. Aggressive tax practices continue to rise

There has been a significant increase in the reported uncertain tax positions of the Silicon Six, which have more than tripled over the past decade – rising from \$24.8bn in 2015 to \$82.5bn in 2024.^{xxxiv} In other words, the Six are currently claiming \$82.5bn of tax benefits that they believe they will likely lose upon tax authority audit. The determination of these uncertain tax positions has even been flagged as a critical audit matter by the auditor of *Amazon, Apple, Meta (Facebook)* and *Microsoft*.

In addition to the combined \$82.5bn of unrecognised tax benefits (UTBs), the Six have accrued a further \$10.1bn in connected interest and penalties (i.e., these additional sums would become due if the related tax positions were overturned).

UTBs are essentially an estimate of tax positions that a business has taken with tax authorities (i.e., claimed on its tax returns) that might suffer a better than evens chance of being overturned if and when they are audited. These sums, sometimes referred to as tax contingencies, are accounted for as a reserve for contingent tax liabilities in the accounts of the corporation.

Analysis of the scale of UTBs can, therefore, possibly indicate the degree of tax avoidance that has taken place in a corporation given they are arguably aggressive tax positions that are not likely to succeed – but which the company has pursued anyway. Although, it needs to be noted that this is not always the case: with there being many instances of corporations winning disputes with tax authorities in areas where tax law is poorly defined and / or genuinely open to interpretation.

VII. Money for old rope – the FDII tax break

One factor depressing the tax contribution of the Silicon Six is the US's Foreign-Derived Intangible Income (FDII) tax break, which is essentially an export subsidy. This tax relief allows the Silicon Six to pay just 13% corporate income tax on profits they make overseas connected to intellectual property held in the United States. **In 2024, this produced tax relief for them of \$12bn, and over the past three years they have benefited by \$30bn.** At *Meta (Facebook), Alphabet (Google)* and *Netflix*, the FDII deduction reduced their effective tax rate by a substantial five percentage points each in 2024.

This tax relief is essentially money for old rope and should be abolished^{xxxv}, not least as it subjects overseas income (which can include sales, services and royalty income) to taxation levels associated with tax havens. US President Biden's proposed budget for fiscal year 2025 was planning to eliminate the deduction entirely on 31 December, 2024, on the basis that "FDII is not an effective way to encourage research and development" and it "provides large tax breaks to companies with excess profits – who are already reaping the rewards of prior innovation – rather than incentivising new domestic investment."^{xxxvi} Eliminating the FDII could raise between c.\$150bn and \$225bn over ten years.^{xxxvii}

VIII. Silicon Six tax gap shows need for a Global Minimum Tax

The United States should support the OECD's 15% Global Minimum Tax (GMT). Significantly, the Silicon Six have recently reported effective tax rates^{xxxviii} close to, or below, 15%.

- *Meta's* (Facebook) ETR was 11.8% in 2024
- *Netflix's* ETR was 12.6% in 2024
- *Amazon's* ETR was 13.5% in 2024
- *Alphabet's* (Google) ETR was 15.5% over the years 2022–2024
- *Microsoft's* ETR was 16.9% over the years 2022–2024
- *Apple's* ETR was 18.5% over the years 2022–2024, but this was substantially inflated by the resolution of the EU's long running state aid tax dispute which mandated in 2024 that *Apple* must pay €13bn in back taxes^{xxxix}

The OECD GMT ensures multinational companies with revenues above €750mn are subject to a 15% effective minimum rate of corporate income tax. The OECD GMT (sometimes referred to as Pillar Two) was agreed by more than 135 OECD member jurisdictions in October 2021, including the EU, Japan, Canada, South Korea and the UK. The OECD has estimated that the GMT could halve global profit shifting – from \$698bn to \$356bn – and increase corporation tax revenues by \$155–192bn per year.^{xi}

Achieving these figures requires the OECD GMT to be adopted by a critical number of countries. And it has been – with currently 90% of the world's largest multinationals in scope.^{xii} The previous Biden administration was supportive of the OECD GMT, but the US Congress never provided formal approval. Nevertheless, the vast majority of US multinationals are captured by legislation in other jurisdictions.

Significantly, the US already operates a crude, blended GMT of its own, which is charged at roughly a 10.5–13.1% global tax rate (referred to as the global intangible low-taxed income, or GILTI). This originated as part of the Tax Cuts and Jobs Act introduced in 2017 by President Trump in his first term.

Temporary tax reductions embedded in the Act are set to expire in 2025, and there is a plausible scenario in which the US lets the c.10.5–13.1% global minimum tax rate quietly drift up to c.13.1–16.4% the following year. The OECD could then simply recognise this as an indefinite safe harbour and deem it OECD GMT compliant, albeit the GILTI tax would need to newly apply on a country by country (not blended) basis.^{xiii}

It should be noted that there is no evidence that the Corporate Alternative Minimum Tax has had a substantive impact on any of the Silicon Six, with no mention in any 10-K filings.^{xiiii}

IX. Silicon Six: ranking

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 \$38.6bn in income taxes this decade, while *Microsoft* has paid \$113bn and *Apple* has paid \$160.2bn.

This is a staggering variance given *Amazon's* revenue over this period (\$3.52tn) was twice that of *Microsoft's* (\$1.48tn) and substantially more than that of *Apple* (\$3.01tn). Note: when *Amazon* are challenged on this variance, they will sometimes argue that they are a retail business with narrow margins and that comparisons are unfair; however, in 2024, 58% of their profits were derived from *Amazon Web Services (AWS)*, which has a margin of 37%.^{xliv}

Our ranking of 2025 once again matches that of 2019 and 2021: with our ranking of worst tax conduct as follows:

- 1st *Amazon*
- 2nd *Meta (Facebook)*
- 3rd *Alphabet (Google)*
- 4th *Netflix*
- 5th *Apple*
- 6th *Microsoft*

Silicon Six: from revenue to cash tax paid (2015-24)

	Alphabet/ Google	Amazon	Apple	Meta/ Facebook	Microsoft	Netflix	TOTAL
Revenue (\$bn)	1,955.2	3,516.9	3,013.3	832.7	1,478.1	222.3	11,018.5
Booked profit (\$bn)	561.2	197.1	869.2	316.9	553.3	34.7	2,532.3
Current tax provision (\$bn)	114.7	46.0	195.1	62.9	132.7	5.7	557.2
Current tax provision / booked profit	20.4%	23.4%	22.4%	19.9%	24%	16.5%	22%
Cash income tax paid (\$bn)	109.3	38.6	160.2	48.9	113.0	5.1	475.1
Cash tax paid / booked profit	19.5%	19.6%	18.4%	15.4%	20.4%	14.7%	18.8%
Cash tax paid / revenue	5.6%	1.1%	5.3%	5.9%	7.6%	2.3%	4.3%

X. Pressing need for improved financial transparency

For many tax justice advocates around the world, public Country-by-Country Reporting (pCbCR) of financial and tax information by large multinational enterprises is a number one priority. Where mandatory pCbCR has already been introduced (e.g., in connection with large European banks and extractive industries), there is evidence of reduced use of tax havens, reduced profit shifting, increased effective tax rates and increased domestic tax revenue mobilisation.^{xiv} A growing list of companies now voluntarily embrace pCbCR.^{xvi} The EU Tax Observatory operate a CbC reports database, which features [Fair Tax Mark](#) certified exemplars such as Fortum, Iberdrola, Lush, Mundys, Orsted, Repsol, SSE and Vattenfall.^{xvii}

This report relies on data and narrative contained in the Silicon Six's Form 10-K annual filings in the United States, where the companies are incorporated. The information provided is in most cases the bare minimum required by law. Investors and asset managers have pressed for enhanced transparency for several years, and it is welcome that the newly issued US GAAP Income Taxes disclosure standard Topic 740 (December 2023) mandates significantly enhanced quantitative and qualitative disclosures in relation to foreign tax on a jurisdiction-by-jurisdiction basis, if they meet a 5% threshold.^{xviii}

More substantially, a limited form of pCbCR is newly mandatory across the European Union – whereby large multinational enterprises need to publish a breakdown of the revenue, profits and taxes paid in a range of countries. A full list of all the countries impacted by the EU pCbCR Directive, and the jurisdictions for which country-by-country reporting is mandated, is available on the [Fair Tax Foundation's](#) website.^{xlix} Australia passed similar legislation in November 2024. Again, these developments are welcome, not least as all the Silicon Six will be captured by these legislative developments and forced to provide much more, likely in 2026.

There is now a pressing need for the UK to catch up with international peers and mandate pCbCR by large multinationals operating there. Comprehensively implemented pCbCR significantly enhances the ability of stakeholders across the world to have an informed opinion as to whether a business is paying the right amount of tax, in the right place and at the right time. Moreover, as with international financial reporting standards more generally, enhanced tax transparency will enable capital markets to make more informed economic decisions, which in turn improves capital allocation and economic efficiency.

XI. Looking forward

To ensure a fairer tax contribution, as alluded to previously in this report, it is suggested that:

- The United States end the Foreign-Derived Intangible Income tax break and embrace the OECD 15% Global Minimum Tax.

- Other countries give serious consideration to the degree to which Silicon Six overseas revenue is subject to low levels of corporate income tax and develop appropriate responses to ensure that a fairer tax contribution is made (as per banking and energy sectors) and so that more equitable business competition can operate within their jurisdictions.
- The UK should additionally catch up with international peers in Europe and Australia and mandate public Country-by-Country Reporting by multinationals, so that it is clear what revenue, profit and taxes are being paid in each jurisdiction.

XII. Endnotes

ⁱ At early March 2025.

ⁱⁱ See World Bank Group Open Data, accessed 3rd April 2025. Relates to 2023.

<https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

ⁱⁱⁱ See Open Secrets <https://www.opensecrets.org/>

^{iv} See LobbyFacts.eu <https://www.lobbyfacts.eu/>

^v See <https://fairtaxmark.net/silicon-six-end-the-decade-with-100-billion-tax-shortfall/> (Fair Tax Foundation, May 2021). Previous research and analysis were kindly supported by grants from Funding for Social Change Limited and the Joffe Charitable Trust. Note: we have amended the methodology for estimating the tax gap in relation to headline rate differentials in this report, and so quantitative comparisons with previous reports are not possible in this regard. This report utilises the OECD-calculated combined corporate income tax rates. Previous reports utilised the statutory tax rate identified in the tax reconciliation note of their 10-K filings.

^{vi} See <https://fairtaxmark.net/wp-content/uploads/Why-focus-on-corporation-tax.pdf> (Fair Tax Foundation, July 2023).

^{vii} See <https://fairtaxmark.net/silicon-six-tax-gap/>

^{viii} An improvement on the last time we undertook a ten-year analysis in 2021, when it was 16.1% over the decade beginning 2011. This could be a function of the previous US administration devoting extra resources to the IRS and a more forceful culture of implementation. Leading, for example, to a fresh challenge to *Microsoft* in 2023 and the demand for an additional tax payment of \$28.9 billion plus penalties and interest. See <https://microsoft.gcs-web.com/node/31951/html> (Microsoft, 11th October 2023).

^{ix} As of 1993.

^x At end 2024, forty-four US states impose a *local* corporate income (CIT) tax in addition to the *federal* CIT. Four states impose gross receipts taxes instead of a state CIT. Three states impose gross receipts taxes in addition to their CIT. Just two states levy neither a CIT nor a gross receipts tax.

^{xi} The combined corporate income tax rate is a combination of the central government rate (less deductions for sub-national taxes) plus the sub-central rate for state / local government. The sub-central rate is a weighted average of corporate income tax rates for each of the 50 states plus the District of Columbia. For 2024, this equates to 19.77% plus 5.86% to give 25.63%. See [Corporate income tax statutory and targeted small business rates](#) (OECD, September 2024).

^{xii} Based on: 2015, 39% Combined CiT (32.85% federal less deductions + 6.15% state); 2016, 38.92% (32.89% + 6.04%); 2017, 38.91% (32.90% + 6.01%); 2018, 25.84% (19.71% + 6.12%); 2019, 25.89% (19.70% + 6.18%); 2020, 25.77% (19.73% + 6.03%); 2021, 25.75% (19.74% + 6.02%); 2022, 25.81% (19.72% + 6.09%); 2023, 25.77% (19.73% + 6.04%); 2024, 25.63% (19.77% + 5.86%). See [Corporate income tax statutory and targeted small business rates](#) (OECD, September 2024).

^{xiii} The worldwide and European averages are weighted by GDP. The worldwide average embraced c.180 jurisdictions and accounted for the vast majority of global GDP. 2024, worldwide 25.67%, Europe 24.39%; 2023, worldwide 25.67%, Europe 24.49%; 2022, worldwide 25.43%, Europe 23.59%; 2021, worldwide 25.44%, Europe 23.97%; 2020, worldwide 25.85%, Europe 24.61%; 2019, worldwide 26.30%, Europe 25.13%; 2018, worldwide 26.47%, Europe 25.43%; 2017, worldwide 29.41%, Europe 25.58%; 2016, worldwide 29.55%, Europe 26.22%; 2015, worldwide 29.75%, Europe 26.10%. See <https://taxfoundation.org/data/all/global/corporate-tax-rates-by-country-2024/> (Tax Foundation, December 2024).

^{xiv} Sometimes referred to as the repatriation tax. The transition tax was a one-off tax on accumulated foreign earnings of 15.5% for cash (and equivalents) and 8% for illiquid assets. These were monies held offshore (on paper) that previously would have been subject to c.35% corporate income tax pre-2017 if they had been repatriated.

^{xv} See <https://itep.org/supreme-court-moore-v-us-mandatory-repatriation-tax-corporate-tax-avoidance/>

^{xvi} Note, the *core* corporate income tax contribution could arguably have been reduced further still as no adjustment has been made for the EU State Aid Decision which ordered Ireland to calculate and recover additional taxes from *Apple* for the period June 2003 through December 2014. As a result of which, during the fourth quarter of 2024 the company recorded a one-time income tax charge of \$10.2bn, net, which represents \$15.8bn payable to Ireland via release of the escrow, partially offset by a US foreign tax credit of \$4.8bn and a decrease in unrecognised tax benefits of \$823m.

^{xvii} We have focused our attention on the corporate income cash taxes paid, not the reported total tax charge or current tax expense – which are items that most media analysis and commentary pays attention to. We have done so because, when looked at over time, cash taxes paid (which have been termed the ‘long-run cash effective tax rate’ in academic studies) provide the best available data for tracking deviations from the expected headline rate of tax. Focusing on this issue also allows for a better understanding of factors that give rise to ‘book-tax differences’ over the period of study, such as movements in the tax contingency reserve. These are, of course, all necessarily approximate tax gap calculations: on the one-hand they take no account of legitimate tax breaks that would reduce the levels of taxes payable; or conversely, the tax-boosting impact of one-off repatriations of foreign earnings. But they serve to illustrate, in absolute terms, the significant impact of the marked deviation from the expected headline rate of tax that has played out so far over this decade. As such, we believe that these tax gap calculations raise legitimate issues of concern that need to be discussed and considered.

^{xviii} Comparison of corporate cash tax paid with the headline rate of tax is obviously extremely crude, but is necessitated by the general lack of financial transparency exhibited by each of the Silicon Six (see section x). The headline rate comparators are those supplied by the OECD, on a combined basis.

^{xix} Total Tax Contribution – A study of the largest companies headquartered in Europe (December 2024). Corporate income tax contributions on a cash basis. See <https://ebtforum.org/wp-content/uploads/2024/12/EBTF-2024-TTC-Report.pdf>

^{xx} See <https://www.europarl.europa.eu/committees/en/consequences-of-excess-profit-taxes-or-w/product-details/20230615CAN70130>.

^{xxi} See <https://www.elibrary.imf.org/view/journals/001/2024/143/article-A001-en.xml>.

^{xxii} The Bank Corporation Tax Surcharge is set at 3% of chargeable profits above £100m as of 2023–24, before that it was 8% as of 2016. The Bank Levy is a tax based on chargeable equity and liabilities arising from banks’ UK balance sheets, and ranges between 0.05% (long term chargeable equity and liabilities) and 0.1% (short term) as of January as of 2021. See <https://www.gov.uk/government/statistics/payee-and-corporate-tax-receipts-from-the-banking-sector-2024/payee-and-corporate-tax-receipts-from-the-banking-sector-2024>.

^{xxiii} The levy is currently set at a rate of 38%, bringing the headline rate of tax on upstream oil and gas activities to 78%. See <https://www.gov.uk/government/publications/july-statement-2024-changes-to-the-energy-oil-and-gas-profits-levy/changes-to-the-energy-oil-and-gas-profits-levy>.

^{xxiv} A 45% charge on exceptional receipts generated from the production of wholesale electricity – defined as amounts from wholesale electricity sold at an average price in excess of a benchmark price of £75/MWh over an accounting period. Generation capacity settled under a Contract for Difference with the Low Carbon Contracts Company Ltd is excluded. See <https://www.gov.uk/government/publications/electricity-generator-levy-introduction/electricity-generator-levy>.

^{xxv} Unfortunately, it is not possible to discern ‘foreign’ cash tax paid in the 10-K filings of the Silicon Six, and none embrace voluntary country-by-country reporting of their financial results.

^{xxvi} *Apple* are the exception: with their foreign revenue and foreign profit being aligned over recent years.

^{xxvii} See the Annual Report and Financial Statements of *Microsoft Inc.*, posted at UK Companies House at <https://www.gov.uk/government/organisations/companies-house>

^{xxviii} See <https://onlinelibrary.wiley.com/doi/abs/10.1111/1911-3846.12853>

^{xxix} All of the Silicon Six were due to be impacted by the Pillar One proposals, with the exception of *Netflix*. Note, Pillar One’s scope covers multinational enterprises from both the digital and non-digital sectors (although carve-outs exist for mining, oil and gas companies and regulated financial services). See https://oecdpillars.com/pillar_one/pillar-one-summary-2/

^{xxx} Research suggests that half of the MNCs captured (in terms of Amount A) are US headquartered, and nearly 70% of the total reallocated profit in scope derives from US MNCs. A two-thirds majority is required in the US Senate for enactment of Pillar One, which is very unlikely to manifest in the near term. See https://www.taxobservatory.eu/www-site/uploads/2023/03/wp_202312_.pdf.

^{xxxi} Including: Austria, Canada, France, Italy, Spain, Turkey and the United Kingdom

^{xxxii} A 2% levy on the revenues of search engines, social media platforms and online marketplaces which derive value from UK users. See <https://www.gov.uk/government/publications/introduction-of-the-digital-services-tax/digital-services-tax>

^{xxxiii} See <https://www.budget.gouv.fr/documentation/file-download/21081>

^{xxxiv} These are the collective unrecognised tax benefits end of year balances. FASB Accounting Standards Codification Topic 740 (ASC 740, formerly FIN 48) requires a reserve, or unrecognised tax benefit, to be booked for tax positions that are more likely than not to be challenged by revenue authorities.

^{xxxv} For example, there could be an elimination of the deductions for global intangible low-tax income (GILTI) and FDII, with the GILTI tax applied on a per-country basis; together with repeal of the 10% return on tangible investments made overseas for purposes of GILTI and FDII. As proposed by the [No Tax Breaks for Outsourcing Act \(H.R. 995\)](#).

^{xxxvi} See <https://home.treasury.gov/system/files/131/General-Explanations-FY2025.pdf>.

^{xxxvii} See <https://thefactcoalition.org/fact-sheet-congress-should-repeal-a-wasteful-tax-break-for-big-tech/>.

^{xxxviii} 'Effective tax rate' refers to the total tax provision as a percentage of pre-tax profits.

^{xxxix} See <https://curia.europa.eu/jcms/upload/docs/application/pdf/2024-09/cp240133en.pdf> (Court of Justice of the European Union, 10th September 2024).

^{xi} See <https://fairtaxmark.net/latest-analysis-of-impact-of-15-global-minimum-tax-on-large-multinationals/>.

^{xii} At March 2025, 67 jurisdictions have enacted, or taken concrete steps to enact, the OECD global minimum tax (Mattias Cormann, OECD Secretary-General, to EU Tax Symposium).

^{xiii} Currently, the GILTI tax allows multinationals that pay zero tax on their profits in one jurisdiction (e.g., Bermuda) to blend them with taxes paid in higher tax jurisdiction (e.g., Germany) to arrive at an average. Whereas, the OECD GMT requires there to be a minimum 15% rate paid in each jurisdiction.

^{xiiii} The Inflation Reduction Act of 2022 created the corporate alternative minimum tax (CAMT), which imposes a 15% minimum tax on the adjusted financial statement income (AFSI) of large corporations for taxable years beginning after Dec. 31, 2022. CAMT generally applies to large corporations with average annual financial statement income exceeding \$1 billion. Treasury estimates that around 100 of the largest and most profitable companies will pay the CAMT annually. See <https://home.treasury.gov/news/press-releases/jy2574>

^{xlv} See *Amazon.com Inc, Annual Report*. Fiscal year ended December 31, 2024.

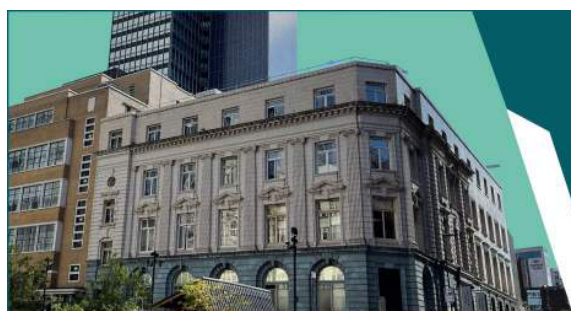
^{xlv} For a more detailed rationale see [Public Country-by-Country Reporting – why and how multinationals should lift the lid on their taxes](#) (Fair Tax Foundation, January, 2025).

^{xlvi} See <https://fairtaxmark.net/accredited-organisations/>

^{xlvii} Contains public CbCR data for over 150 multinationals from 2017 to 2021. See <https://www.taxplorer.eu/Home>

^{xlviii} Will require all entities to disclose income taxes paid, disaggregated by individual jurisdiction on the basis of a quantitative threshold of 5% of total income taxes paid. Also, with reference to the rate reconciliation, will now need to separately disclose reconciling items by nature and by jurisdiction, on the basis of a quantitative threshold of 5%, within the foreign tax effect category. Depending on the size and type of entity, the new standard will be effective for annual periods beginning after 15 December 2024. See [FASB Issues Standard That Enhances Income Tax Disclosures](#).

^{xlix} See <https://fairtaxmark.net/wp-content/uploads/Global-Tracker-of-pCbCR-Jan-25.pdf>.



Fair Tax Foundation, Holyoake House,
Hanover Street, Manchester, M60 0AS

fairtaxmark.net
info@fairtaxmark.net
+44 (0)161 250 6595

