Fair Tax Foundation



The Silicon Six

and their widening $300bn global tax gap

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1. Executive summary

This report, *The Silicon Six and their widening $300bn global tax gap*, analyses the corporate tax contribution of the Silicon Six (*Alphabet/Google, Amazon, Apple, Meta/Facebook, Microsoft* and *Netflix*) over the past decade.

- Over the decade to 2025, the Silicon Six paid $316.7bn less in corporate income tax than they would have paid had their profits been taxed at the headline rates of the countries where their customers are located and their sales are made. This is the largest tax gap we have reported since we began our analysis in 2019.
- In 2025, the corporate income tax they paid in cash fell to just 12.3% of their profits – the lowest in a decade, and is likely to fall further in 2026.
- We estimate their tax gap in Europe at around $110bn (€96bn) over the decade.
- In the UK, they pay only a fifth of the corporation tax their UK sales would attract if they earned the same margin there as they do worldwide: a shortfall of some £4bn a year.
- Across the wider digital economy, we estimate that the market countries where these companies' customers are located may be losing some €25bn a year across Europe, including north of £5bn a year in the UK.
- For the first time since our analysis began, Meta (Facebook) replaces Amazon as the worst-ranked of the six.

This report is a variation and expansion of analyses we previously undertook in 2019, 2021 and 2025. New disclosure rules in Europe (public country-by-country reporting) and the United States (disclosure of income taxes paid by jurisdiction), together with a detailed analysis of UK company accounts, have allowed us, for the first time, to estimate the Silicon Six tax gap in Europe and the UK, as well as globally. We have also adjusted our methodology to factor in where sales are made, as opposed to where sales are booked. Because the Silicon Six disclose far less than they should about where they earn their profits and pay their taxes, our analysis necessarily rests on incomplete data and a series of assumptions. Throughout, we have sought to err on the side of caution, and we will refine our modelling as further disclosures emerge.

The Silicon Six dominate digital infrastructure and services across many parts of the world, and increasingly the infrastructure of artificial intelligence. Together, they have a combined market capitalisation of $16.7tn, more than one and a half times that of the entire FTSE 100 and EURO STOXX 50 combined. Their revenue was $2.2tn last year, which is greater than the annual GDP of all but eleven nations. Four of them, Amazon, Microsoft, Alphabet and Meta, are AI hyperscalers and are expected to spend some $745bn on capital investment in 2026 alone. As AI reshapes labour markets, and with them the tax base that funds public services, the tax conduct of these companies matters more than ever.

Over the past ten years, the Silicon Six have generated $13.1tn of revenue and $3.3tn of profits, yet paid just 16.5% of those profits in corporate income tax in cash (excluding one-off payments relating to earlier years). Over the same period, the combined corporate income tax rate averaged 28.4% in the United States and 26.6% worldwide. **Taxed at the headline rates applying where their customers are located, they would have paid $316.7bn more over 2016–2025.** On the methodology used in our previous report, the gap would be higher still, at between $339.3bn and $387.6bn.

Much of this tax gap reflects reliefs that are entirely lawful and used as intended. Much does not, as evidenced by substantial and growing uncertain tax positions. However, the increasing ability of these companies to influence the creation of the loopholes that they then go on to exploit undermines the very concept of tax compliance, be it the letter or the spirit of the law. They exert enormous political influence as well as economic power: spending $133.2mn directly lobbying the US federal government and EU institutions in 2025. For these reasons, we believe that the Silicon Six's sizeable and growing tax gap is a material concern for multiple stakeholders in society.

In 2025, five of the six recorded their highest profit margins in a decade: their combined profits rose by 29.4% to $680bn, and their margin to 31.2%. Yet their cash tax contribution crashed to just 12.3% of profits – the lowest in the ten years covered by this report – with Amazon and Meta paying less than 9%. Much of the fall reflects generous new US write-offs on investment in the data centres being built for artificial intelligence, and the share is likely to fall further in 2026.

Over the past three years, nearly half their revenue (48.4%) has been earned outside the United States, yet just 30.5% of their profits have been booked there. Aggressive tax practices remain firmly embedded: the six have claimed $83.4bn of tax benefits that they themselves judge may not be sustained if examined by tax authorities, and the US deduction for foreign-derived intangible income has been worth at least $48.1bn to them since 2018.

Meta is now the worst of the Silicon Six for tax conduct, displacing Amazon for the first time since our analysis began in 2019. Our 2026 ranking, from worst to least bad, is Meta, Amazon, Alphabet, Netflix, Apple and Microsoft.

Meta's cash tax over 2023–2025 was just 12.1% of profits, the lowest of the six, and only 8.8% in 2025. It earns 63% of its revenue outside the United States but books only 7% of its profit there, and faces a $15.9bn claim from the US Internal Revenue Service over the transfer of its intellectual property to Ireland. Its research tax credits have soared from $0.7bn to $3.9bn in two years, reportedly because it treats its AI data centres as experimental "pilot models", and its unrecognised tax benefits jumped from $16.5bn to $20.8bn in just nine months of 2026.

Amazon remains a very close second. It has paid just $46.7bn of corporate income tax in cash over the decade, on $4.1tn of revenue, even though most of its profit now comes from its high-margin cloud business. In relation to corporate income tax, it also has the worst transparency record of the six.

When profits are allocated according to where sales are made, customers in Europe, including the UK, account for around a quarter of the Silicon Six's profits: an estimated $813bn (€713bn) over the past decade. We estimate a European tax gap of around $110bn (€96bn) over 2016–2025, and $56bn (€49bn) over the last three years alone, with the largest gaps at Alphabet, Apple and Meta.

This is a conservative estimate, because it credits the six with tax paid in hub countries such as Ireland. **Counting only tax paid in the countries where their customers are, the shortfall to European market countries is in the region of $79bn (€69bn) over the last three years, or around €23bn a year. Across the wider digital economy, it is likely to be some €25bn a year.** Around nine-tenths of the EU tax reported by Apple and Microsoft for 2025 was accrued in Ireland, while their subsidiaries in market countries earn only routine returns.

The Silicon Six pay the UK only a fifth of the corporation tax their UK sales would generate at their global profit margins: £3.0bn rather than £14.8bn over the last three years. **That is a shortfall of £11.8bn, or some £4bn a year. Across the wider digital economy, the shortfall is likely to be north of £5bn a year, more than five times what the UK Digital Services Tax raised last year.** By contrast, energy producers are forecast to pay £4.4bn in sector-specific levies in 2026–27, and banks are forecast to pay £4bn in 2027–28. There is a strong case for the digital economy to be subject to similarly impactful levies. The six account for around 1.6% of UK business turnover but pay only around 1.2–1.5% of UK corporation tax, despite earning margins several times higher than the average UK business. Taxed on their UK sales at their global margins, they would contribute around 6% of all UK corporation tax. Just five banks paid more than five times as much UK corporation tax and Bank Levy in 2025 as was charged to the Silicon Six's main UK subsidiaries.

Much of the shortfall identified in this report stems from international tax rules built for a pre-digital economy, compounded by recent US tax reliefs that favour the largest technology companies. These allow companies to build highly profitable businesses in a country with little taxable presence there. The OECD's modest Pillar One reform has stalled in the face of US opposition. The global minimum tax has been weakened by a "side-by-side" partial exemption for US-headquartered groups, which the European Parliament warns risks reigniting harmful tax practices. And the current US administration has threatened retaliation against countries that tax its technology companies more assertively. But the ground is shifting. US corporate tax receipts fell by $70bn (16%) in fiscal year 2026, even as corporate income rose. Alphabet, Amazon, Meta and Microsoft paid just 4.3% of their US profits in federal income tax in 2025. Concern is mounting about the impact of AI on jobs and the tax base, as evidenced by the outcome of the recent US mid-term elections. A new window for reform could open from 2027.

The EU and the UK should use the intervening period to prepare. They should:

- convene special commissions to establish the tax contribution of Big Tech and the wider digital economy;
- strengthen public country-by-country reporting (and, in the UK's case, introduce it);

- consider a Market Profits Levy on profits generated by their customers but booked elsewhere;
- broaden digital services taxes, and pursue an EU-wide digital levy;
- allow public procurement to take account of tax conduct;
- resist any widening of the side-by-side exemption from the global minimum tax.

The United States should repeal its FDDEI tax break (formerly FDII), apply its minimum tax on foreign income country by country at no less than 15%, in line with the global minimum tax it helped to design, require public country-by-country reporting, and pair full expensing with tighter limits on interest deductions.

2. About the Fair Tax Foundation

The Fair Tax Foundation launched in 2014 and operates 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 275 businesses, which together employ more than 475,000 people and contribute £4.1bn / €4.8bn annually in corporate income tax worldwide. Our progressive community has grown to embrace businesses headquartered in the UK, Denmark, Finland, Germany, Italy, the Netherlands, Spain, Sweden and Thailand.

Other initiatives include the Tax Responsibility and Transparency Index, Fair Tax Week and the Councils for Fair Tax Declaration. See https://fairtaxmark.net



3. Background

The Silicon Six (Alphabet/Google, Amazon, Apple, Meta/Facebook, Microsoft and Netflix) dominate digital infrastructure and services across many parts of the world, and increasingly the infrastructure of artificial intelligence. Together, they have a combined market capitalisation of $16.7tn, more than one and a half times the entire FTSE 100 and EURO STOXX 50 combined.[1] Their revenue was $2.2tn last year, which is greater than the annual GDP of all but eleven nations.[2] Four of them, Amazon, Microsoft, Alphabet and Meta, are AI hyperscalers and are expected to spend some $745bn on capital investment in 2026 alone.[3] They exert enormous political influence as well as economic power: spending $133.2mn directly lobbying the US federal government and EU institutions in 2025.[4] As AI reshapes labour markets, and with them the tax base that funds public services, the tax conduct of these companies matters more than ever.

In this report, we examine the collective tax conduct of the Silicon Six over the ten-year period 2016 to 2025,[5] rank them, estimate for the first time their tax gaps in Europe and the UK, and make several public policy suggestions. This is the fourth time we have undertaken such an analysis. Previously, we examined their conduct in 2019 (looking at the period 2010–18), in 2021 (period 2011–2020) and in 2025 (period 2015–2024).[6]

Our analysis draws principally on the companies' annual reports on Form 10-K, filed with the US Securities and Exchange Commission. These give each group's total, current and deferred tax charge, split between US federal, US state and foreign components, together with cash paid for income taxes. New US accounting rules (ASU 2023-09) now also require income taxes paid to be broken down between federal, state and foreign tax, and by any individual jurisdiction accounting for 5% or more of the total. These disclosures appear for the first time in the companies' reports for 2025: for Microsoft, its year to June 2026; and for Apple, its year to September 2026.[7] We supplement the 10-K data with the companies' geographic revenue disclosures, the public country-by-country reports published so far under the EU Directive,[8] and OECD data on statutory corporate income tax rates. For the UK, we have also reviewed the accounts of the companies' main UK subsidiaries, filed at Companies House.

We focus throughout on corporate income tax paid in cash, rather than the total tax charge or current tax expense reported in the accounts, on which most media commentary concentrates. Measured over a long period, cash tax paid, which academic studies term the "long-run cash effective tax rate", is the best available guide to how far a company's tax contribution deviates from the headline rate. It is unaffected by provisions for tax that may never be paid, such as reserves for uncertain tax positions, or by tax deferred to future years, which has grown sharply since the United States introduced permanent full expensing in 2025. Over a decade, genuine timing differences should largely wash out; persistent shortfalls should not.[9]

Two things are new this year. First, these sources allow us, for the first time, to estimate the Silicon Six tax gap in Europe and in the UK, as well as globally. Second,

we now estimate the tax due according to where sales are made, not where they are booked. The companies' own subsidiary accounts are a poor guide to where they do business. For example, Alphabet told the UK Competition and Markets Authority that its UK revenues for 2024 were £10–20bn, while Google UK Limited booked revenue of £2.9bn, mostly from services provided to other group companies.[10] We therefore apportion each group's global pre-tax profit between countries and regions in proportion to revenue, and apply the OECD's combined (central and local government) statutory corporate income tax rate for each location. This is not a novel approach: most US states already apportion corporate profits according to where sales are made.[11]

None of the Silicon Six discloses, for every country in which it operates, the revenue it earns, the profit it books and the tax it pays. They shun tax transparency to differing degrees, but none goes beyond what the law requires in terms of corporate income tax disclosures. The EU's public country-by-country reporting rules are new and partial, and some of the six have so far reported only for Spain and/or Romania. Our analysis therefore rests on incomplete data and a series of assumptions. The main ones are:

- profit is apportioned to countries and regions in proportion to revenue, at each group's global pre-tax margin;
- 'Europe' is necessarily approximate, as it relies on each company's own regional disclosures and definitions;[12]
- UK customer revenue is disclosed only by Amazon and Netflix, and is estimated for the others;
- tax paid in Europe is estimated by allocating each company's foreign current tax in proportion to Europe's share of its foreign revenue.

Where a choice was needed, we have generally taken the more conservative option:

- the global tax gap applies the combined statutory rates of the markets where customers are located (26.2% on average over the decade, weighted by profit allocated by sales), rather than the US combined rate, which averaged 28.4% over the decade – although it has been broadly similar to these market rates since 2018;
- the European estimate counts tax paid in hub countries such as Ireland, where around nine-tenths of Apple's and Microsoft's EU tax is accrued, as if it had been paid in the market countries where customers are;
- Microsoft's UK revenue is taken to be what its main UK subsidiary books, and is therefore a floor, as some UK customers are billed from Ireland (for example, in connection with LinkedIn);
- Amazon's European revenue covers Germany and the UK only;
- loss-making years are netted off against profitable ones.

Against this, some assumptions may cut the other way:

- headline statutory rates take no account of lawful reliefs, such as research and development credits and capital allowances;

- some of the proxy UK revenue estimates may prove high;
- top-up taxes under the OECD global minimum tax that accrued in 2024–2025 will not be paid in cash until 2026 or later.

One adjustment is made for consistency rather than caution. Cash tax paid excludes Apple's $15.8bn payment to Ireland under the EU State Aid decision and $50.0bn of US transition tax attributable to earnings before 2016 (before FY2017 for Apple and Microsoft), as both relate to profits earned before the period under review (see note 16).

Our figures are very much estimates. They indicate the scale of the issue rather than any company's tax liability. But the gap they reveal is so large, and has persisted for so long, that it raises legitimate questions that the companies, and the governments that tax them, need to answer. We will refine our analysis as fuller disclosures become available, not least the first complete EU public country-by-country reports, due by the end of 2026.

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. 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.[13]

It is possible 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. If so, 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 complete country-by-country breakdown of revenue, profit and taxes (see Solutions, 6.1b).

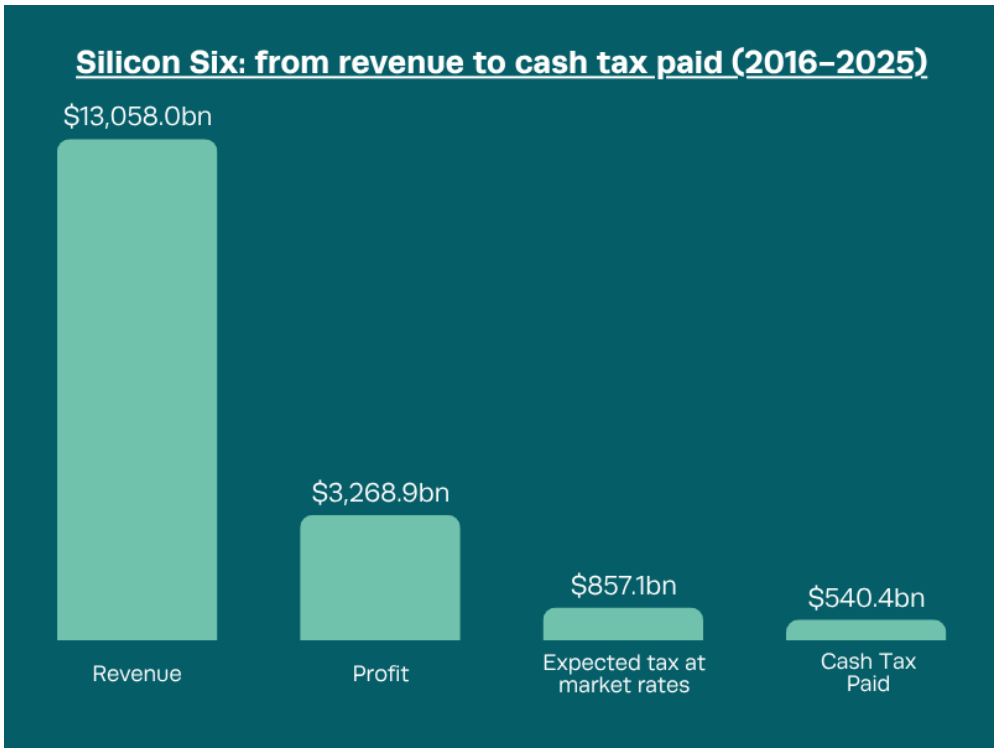
Each of the Silicon Six was provided with a draft of this report and an opportunity to provide feedback.

4. The Silicon Six and their widening $300bn global tax gap

4.1. Global tax gap

Over the past ten years, the Silicon Six have generated $13.1tn of revenue and $3.3tn of profits. Yet the corporate income tax paid, in cash, on those profits amounted to just 16.5%, at a time when the combined corporate income tax rate averaged 28.4% in the United States[14] and 26.6% worldwide.[15]

Over the period 2016 to 2025, the Silicon Six paid $316.7bn less in corporate income tax (excluding one-off payments relating to earlier years) than the tax due at the headline rates applying where their customers are located.[16]



Last year, we estimated the ten-year tax gap (2015–2024) at around $277.8bn, but our methodology has evolved further in this report to factor in customer location. Using the previous methodology, the tax gap for 2016–2025 would have been even higher, at between $339.3bn and $387.6bn.[17]

In 2025, the Silicon Six's cash tax contribution crashed to just 12.3% of profits, the lowest in any year of the past decade, even as their profits rose by 29.4% to $680bn and their revenue increased by 15.2% to $2,177bn. Amazon and Meta paid less than 9% of their profits in cash tax, and Alphabet and Microsoft less than 15%. These tax-haven-like rates reflect a combination of high investment spending, newly expanded tax reliefs in the United States and continued profit shifting to other low-tax jurisdictions.

There is every sign that the share will fall further still in 2026. US full expensing is now permanent, and the hyperscalers' capital spending is expected to reach some $745bn this year, generating a fresh round of write-offs. US federal corporate tax receipts fell by 16% in the year to September 2026. Early Silicon

Six company filings point the same way. Amazon paid $4.0bn in income tax in cash in the first half of 2026, 29% less than a year earlier, even as its profits rose, and Meta's reported tax rate for the first nine months of the year was just 2%. With US-headquartered groups exempted from crucial elements of the global minimum tax rules, the first Pillar Two top-up payments, due from mid-2026, are unlikely to change the picture materially.[18]

The Silicon Six have never been more profitable. Five of the six recorded their highest profit margin of the past decade in their latest year: Microsoft 50.0%, Alphabet 39.4%, Apple 33.3%, Netflix 28.2% and Amazon 13.6%. Their combined margin rose from 27.8% to 31.2% in 2025, while the margin booked on overseas revenue remained rooted at just 17.7%, less than half the 44.1% booked in the United States. The divergence is most stark at Meta: in 2025 it booked a profit margin of 42.8% overall, but just 5.0% on the $126bn of revenue it earns outside the United States. Its Spanish operations, the only EU country for which it has yet published public country-by-country data, reported a margin of just 4.4%.

Despite nearly half of their revenue (48.4%) being derived overseas, just 30.5% of profits are booked outside the United States and just 35% of current tax provisions are reported as being 'foreign' over the past three years.

Much of the income the Silicon Six earn from overseas customers is taxed in the United States at rates associated with tax havens, through the deduction for foreign-derived intangible income (FDII). In effect an export subsidy, it taxes profits from serving foreign customers using US-held intellectual property at around 13%, rather than 21%. It has been worth at least $48.1bn to the Silicon Six since its introduction in 2018, including $26.9bn over the last three years alone. In 2025 it cut Netflix's effective tax rate by 5.2 percentage points and Alphabet's by 2.5. Rather than abolish it, as the previous administration had proposed, the One Big Beautiful Bill Act made it permanent, renamed it the deduction for foreign-derived deduction eligible income (FDDEI), and set its effective rate at around 14% from 2026. The Biden administration's Treasury had previously concluded that the deduction "is not an effective way to encourage research and development" and "provides large tax breaks to companies with excess profits – who are already reaping the rewards of prior innovation – rather than incentivizing new domestic investment".[19]

Unrecognised tax benefits continue to grow

There is evidence that aggressive tax practices remain firmly embedded among the Silicon Six. **Their reported uncertain tax positions have more than tripled over the past decade, from $24.9bn in 2015 to $83.4bn in 2025.**[20] In other words, the Silicon Six have claimed $83.4bn of tax benefits on their tax returns that they themselves judge may not be sustained if examined by tax authorities. On top of this, Alphabet, Amazon, Meta, Microsoft and Netflix have accrued a further $13.7bn of related interest and penalties, which would become payable if those positions were overturned. The determination of these uncertain tax positions has been identified by the auditors of Amazon, Apple, Meta and Microsoft as a critical audit matter, one of the most significant and judgemental areas of their audits.

These unrecognised tax benefits are, in effect, a reserve for contingent tax liabilities: tax that a company has not paid but considers it may yet have to. Their scale can therefore indicate the degree of aggressive tax planning that a group has undertaken, since they reflect positions it has chosen to take despite doubting that they would survive scrutiny in full. Not every such position is abusive. Companies do win disputes where the law is unclear or genuinely open to interpretation. But balances of this size, growing this fast, are hard to reconcile with a cautious approach to tax.

On the face of their accounts, most of the Silicon Six now report effective tax rates at or above the Pillar Two 15% global minimum tax.[21] But reported rates include tax deferred to future years, and the new US write-offs have widened the gap between tax charged and tax actually paid. In cash terms, Amazon (8.5%) and Meta (8.8%) paid well under 15% of their profits in 2025, and Alphabet and Microsoft less than 15%. Netflix's reported rate has been below 15% in each of the last three years. Meta's reported rate of 29.6% in 2025 was inflated by a one-off, non-cash charge of $15.9bn linked to the One Big Beautiful Bill Act. Without it, its rate would have been around 11%.[22]

In January 2026, the OECD's Inclusive Framework agreed, at US insistence, a 'side-by-side' package in connection with the Pillar Two global minimum tax. This treats the US tax on low-taxed foreign income (formerly GILTI, now NCTI) as an acceptable substitute, exempting US-headquartered groups such as the Silicon Six from certain aspects of the Pillar Two rules. However, the US NCTI regime falls short of the global standard in two respects. Its rate, around 12.6% from 2026, is below 15%. And it is still calculated on a blended, worldwide basis, so profits booked in a zero-tax jurisdiction can be averaged with tax paid in a high-tax one, whereas Pillar Two requires 15% in each jurisdiction. The One Big Beautiful Bill Act also made it easier for groups to offset foreign tax credits against it. The European Parliament has warned that the exemption risks "reigniting the harmful corporate tax practices that the Pillar Two framework was designed to curb".[23] Even in the United States, Kimberly Clausing, the Treasury's former top tax economist, argues that other countries accepted the side-by-side arrangement "even though the U.S. tax system is weaker than the Pillar Two system in key respects", and that the United States should support the global minimum tax it helped to design rather than seek exemptions for its own companies. The pattern is not confined to the Silicon Six. Across all US multinationals, around 54% of foreign income is booked in jurisdictions with effective tax rates below 15%, and profit per employee is around $37,000 in a typical higher-tax country but $8 million in a typical low-tax jurisdiction with little real activity.[24]

4.2. European tax gap

Customers in Europe, including the UK, account for around a quarter of the Silicon Six's profits when those profits are allocated according to where sales are made: an estimated $813bn (€713bn) of their $3.3tn (€2.9tn) over the past decade.[25] Taxed at European combined statutory rates, those profits would have given rise to

around $201bn (€176bn) of corporate income tax over 2016–2025, and $99bn (€87bn) over the last three years alone.

We estimate that the Silicon Six paid around $92bn (€81bn) of this over the decade, and $43bn (€38bn) over the last three years, leaving a European tax gap of around $110bn (€96bn) over 2016–2025 and $56bn (€49bn) over 2023–2025. The largest three-year gaps are at Alphabet ($20.6bn / €18.1bn), Apple ($14.5bn / €12.7bn) and Meta ($8.9bn / €7.8bn), followed by Microsoft ($7.2bn / €6.3bn), Amazon ($3.3bn / €2.9bn) and Netflix ($1.5bn / €1.3bn).

This is a conservative estimate. It credits the Silicon Six with tax paid anywhere in Europe, including in hub countries such as Ireland. Counting only tax paid in the countries where their customers are, the European figures look very different. In the UK, which we have analysed bottom-up using the accounts of the companies' local subsidiaries, the six pay only around a fifth of the tax their UK sales would generate at their global profit margins. Public country-by-country data points the same way (see below). **If market countries across Europe similarly receive around a fifth of the tax due, the shortfall to them would be in the region of $79bn (€69bn) over the last three years, or around $26bn (€23bn) a year.**[26]

Scaled up across the wider digital economy (including the likes of Adobe, eBay, Oracle, Salesforce, Shein, Temu and TikTok), it can reasonably be speculated that the shortfall to the European countries where these companies' customers are located is some €25bn a year.[27] That is strikingly close to the European Parliament's own estimate that an EU-wide digital levy could raise 'up to €25bn' a year.[28]

The problem is as much where tax is paid as how much. Much of the Silicon Six's European revenue is booked through hubs in Ireland, Luxembourg and the Netherlands, while their subsidiaries in market countries earn cost-plus returns. Around nine-tenths of the EU tax reported by Apple and Microsoft for 2025 was accrued in Ireland. Microsoft's subsidiaries in Germany, France, Italy, Spain and the Netherlands booked margins of 5–7% and accrued $0.55bn of tax, against around $3.9bn had they earned the group's margin. Meta's and Netflix's Spanish operations reported margins of 4.4% and 2.3%, against group margins of 43% and 28%.[29]

All of this takes place against a backdrop of US multinationals generally paying lower rates of corporate tax than their European counterparts. OECD country-by-country reporting statistics show that in 2023, groups headquartered in the EU's five largest economies (Germany, France, Italy, Spain and the Netherlands) paid income tax in cash equal to 28.7% of their profits, against 20.8% for groups headquartered in the United States. US groups booked $342bn of profit in Ireland, Singapore, Switzerland and Cyprus alone, paying tax of under 10% on it.[30]

By comparison, the Silicon Six paid just 16.5% of their profits in corporate income tax in cash over the past decade, and 12.3% in 2025 – the lowest in a decade. European businesses competing with them for the same customers are doing so at a substantial tax disadvantage, and one that the One Big Beautiful Bill Act is likely to have widened since 2023.

4.3. United Kingdom tax gap

The Silicon Six pay the UK only around a fifth of the corporation tax that their UK sales would attract if they earned the same margin there as they do worldwide: £3.0bn rather than £14.8bn over the last three years. That is a shortfall of £11.8bn, or some £4bn a year.[31]

Scaled up across the wider digital economy (including the likes of Adobe, eBay, Oracle, Salesforce, Shein, Temu and TikTok), it can reasonably be speculated that the shortfall is north of £5bn per annum.[32] This is more than five times what the UK Digital Services Tax raised in 2025–26 (£944m).[33]

By way of contrast, in 2026–27, the Bank Surcharge and Bank Levy are forecast to raise a combined £3.2bn, rising to £4bn in 2027–28; whilst the Energy Profits Levy and Electricity Generator Levy are forecast to raise a combined £4.4bn in 2026–27. There is a strong case for the digital economy to be subject to similarly impactful levies (see Solutions, 6.1c).[34]

The Silicon Six account for around 1.6% of UK business turnover, and pay around 1.2–1.5% of UK corporation tax, despite earning margins several times higher than the average UK business. Taxed on their UK sales at their own global margins, they would contribute around 6% of all UK corporation tax, four to five times what they pay today.

By comparison, just five banks (NatWest, Lloyds, JP Morgan, Goldman Sachs and HSBC) paid more than £5.6bn in UK corporation tax and Bank Levy in 2025, over five times the roughly £1bn charged to the Silicon Six's main UK subsidiaries in their latest year. We know this with a high degree of certainty as, unlike the Silicon Six, those banks already publish UK country-by-country reports.[35]

5. Silicon Six: ranking

For the first time since our analysis began in 2019, Amazon is no longer ranked worst for tax conduct: Meta now firmly exceeds it.

Our 2026 ranking of worst tax conduct is as follows:

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

Silicon Six: from revenue to cash tax paid (2016-2025)

	Alphabet/ Google	Amazon	Apple	Meta/ Facebook	Microsoft	Netflix	TOTAL
Revenue ($bn)	2,283.1	4,126.8	3,459.0	1,015.7	1,912.7	260.7	13,058.0
Booked profit ($bn)	700.4	292.8	1,027.3	396.6	804.6	47.2	3,268.9
Current tax provision ($bn)	122.8	52.8	176.1	66.3	156.3	7.8	582.1
Current tax provision / booked profit	17.5%	18.0%	17.1%	16.7%	19.4%	16.6%	17.8%
Cash income tax paid ($bn)	120.3	46.7	169.9	56.2	140.0	7.3	540.4
Cash tax paid / booked profit	17.2%	15.9%	16.5%	14.2%	17.4%	15.5%	16.5%
Cash tax paid / revenue	5.3%	1.1%	4.9%	5.5%	7.3%	2.8%	4.1%

Current tax provision and cash tax paid both exclude the share of US transition tax (§965) attributable to earnings before 2016 and Apple's EU State Aid charge and payment, which relate to profits earned before the period under review.

Meta and Amazon have long been close on the question of who is the very worst, but Meta's tax contribution has deteriorated markedly over the past three years. Its cash tax over 2023–2025 was just 12.1% of profits, the lowest of the six, against 15.6% at Amazon, and only 8.8% in 2025. Its effective tax rate over the first three quarters of 2026 was just 2%.[36] Meta earns 63% of its revenue outside the United States, but books only 7% of its profit there over the last three years. Its unrecognised tax benefits grew fivefold over the decade, to $16.5bn at the end of 2025, and have since jumped to $20.8bn in the first nine months of 2026.[37] It is subject to a $15.9bn claim from the US Internal Revenue Service relating to the transfer of its intellectual property to Ireland.[38] Its federal research tax credits have also soared, from $0.7bn in 2023 to $3.9bn in 2025, reportedly because it treats its AI data centres as experimental 'pilot models' eligible for the credit. The congressman who sponsored the credit in 1981 has said this use has "gone way,

way beyond what anybody could have imagined".[39] Meta is also contesting in the US Tax Court the IRS's refusal of $355m of research credits it claimed on $4.1bn of stock compensation paid to Mark Zuckerberg, on the basis that he was writing code when the options were granted in 2005.[40]

Amazon remains a very close second, and the issues identified in previous reports persist. It has paid just $46.7bn of corporate income tax in cash over the decade, on $4.1tn of revenue. That is a staggering contrast with Microsoft, which paid $140.0bn on less than half Amazon's revenue ($1.9tn), and Apple, which paid $169.9bn on $3.5tn. Amazon argues that such comparisons are unfair because it is a retailer with narrow margins. However, most of its profit now comes from its cloud business, Amazon Web Services: constituting 57% of its operating income in 2025, at a margin of 35%, despite accounting for less than a fifth of its sales.[41] Its main UK subsidiaries were charged only £46m of corporation tax in 2025 on the £16.5bn of revenue that we were able to analyse via disclosures at the Companies House.[42],[43] In relation to corporate income tax, it has the worst transparency record of the six: in connection with both financial year 2023 and 2024, its Romanian subsidiary asked Amazon.com, Inc. for the group-wide information needed for its EU public country-by-country report (pCbCR), and the parent would not provide it. With a similar result playing out in Spain in connection with 2025, albeit the rationale this time was 'data not yet available'.[44]

Alphabet ranks third. Its cash tax over the decade was 17.2% of profits, but its foreign operations tell the story: over the last three years, 52% of its revenue was earned outside the United States, yet those operations bore just 16% of its current tax. In 2025, it booked a margin of just 7.3% on foreign revenue, against 39.4% globally. It has the largest European tax gap of the six ($20.6bn over 2023–2025), received more US federal tax breaks in 2025 than any other company studied by the Institute on Taxation and Economic Policy ($19.0bn),[45] and has so far published only partial EU country-by-country data. Its Spanish operations reported a margin of 18.7%, less than half its global margin.

Netflix ranks fourth. It is far smaller than the others, but its cash tax rate over the decade, 15.5% of profits, was the second lowest of the six. Like Meta, it has published EU country-by-country data only for Spain, where its operations reported a margin of just 2.3%, against a group margin of 28%.

Apple ranks fifth. Its cash tax over the decade was 16.5% of profits, and its unrecognised tax benefits stand at $22.5bn. It deserves credit for publishing a full EU country-by-country report, but that report shows the extent of its reliance on Ireland. Ireland accounts for 26.1% of its global profit but only 3.4% of its employees, and around nine-tenths of the EU tax it reported for 2025. Its margins in Germany, France, Italy and Spain were just 7.7–12.7%. Its first tax reconciliation by country, for FY2026, shows tax incentives in Singapore reducing its tax charge by $5.5bn, only partly offset by a $2.5bn Singapore minimum top-up tax. And unlike Alphabet, Amazon, Microsoft and Netflix, it does not separately disclose its FDII benefit, reporting only a net $2.3bn benefit from 'cross-border tax laws'. Apple was, of course, also the subject of the European Commission's State Aid decision,

upheld by the Court of Justice in 2024, which required it to pay €13bn of back taxes to Ireland.[46]

Microsoft ranks sixth, the least bad of the six. Its cash tax rate over the decade, 17.4% of profits, was the highest of the group, and it too has published a full EU country-by-country report. But that report shows Ireland accounting for 38% of its global profit with just 3% of its staff, and margins of only 5.0–7.3% in Germany, France, Italy, Spain and the Netherlands. Its cash tax fell to 12.8% of profits in its latest year, and to 10.6% once the final US transition tax instalment is excluded. It also faces a $28.9bn claim from the US Internal Revenue Service, plus penalties and interest.[47]

More generally, we found that the companies' approach to the EU Public Country-by-Country Reporting (pCbCR) Directive further cemented the ranking. To date, Amazon, Meta, Alphabet and Netflix have made the least effort to embrace tax transparency. Amazon has so far published only own-entity reports for Romania and Spain, without group-wide data; Meta and Netflix only Spain-specific reports; and Alphabet only partial ones covering Romania, Croatia, Spain and the EU's designated low-tax jurisdictions. Where they occur, these emergent pCbCR disclosures reveal that even the most transparent of the Silicon Six continue to shift profit systematically away from the countries where their customers are.

6. Solutions

Much of the shortfall identified in this report stems from international tax rules built for a pre-digital economy, compounded by recent US tax reliefs that favour the largest technology companies. Those rules tax profit where a company has a taxable presence, and where its functions and assets are deemed, under transfer pricing, to sit. Highly digitalised businesses can build deep and highly profitable engagement with customers in a country with little taxable presence there, which the OECD refers to as "scale without mass". They pay local subsidiaries a routine, cost-plus return, while booking the residual profit wherever their intellectual property is held. A domestic retailer, bank or manufacturer cannot easily open that gap, because its profit-generating functions and assets are located where its customers are. The OECD's Pillar One was designed to tackle (at least partly) this problem, by reallocating a quarter of profit above a 10% margin to market countries. Yet even this modest reform, projected to raise only $17–32bn a year globally from around 100 multinationals,[48] has stalled in the face of US opposition, and most commentators consider it dead.

Pillar One's prospects were always poor: it would take effect through a multilateral treaty requiring ratification by two-thirds of the US Senate, and around 70% of the profit it would reallocate comes from US multinationals.[49] In its absence, more than a dozen countries have introduced digital services taxes, which vary in scope and rate: 2% in the UK, which raised £944m in 2025–26, 3% in France, Italy and Spain, and 5% in Austria.[50] A patchwork of unilateral measures is not an ideal route to a global solution, and the political risks are real: Canada withdrew its digital services

tax in June 2025 under direct US trade pressure.[51] But such taxes keep the issue on the agenda, raise revenue in the meantime, and put pressure on the Silicon Six and the US government to engage with international efforts to secure a fairer outcome. As the European Parliament has affirmed, they "remain a legitimate instrument for Member States to protect and preserve their tax bases".

It is therefore timely to look at the bigger picture. Bold legislative intervention will be needed to ensure the Silicon Six make a fairer tax contribution. Yet the current US administration not only has no appetite for this, but has threatened retaliation against any country that taxes America's big technology companies more assertively. In February 2025, President Trump directed the US Trade Representative to consider tariffs and other retaliatory measures against countries with digital services taxes, with the Trade Representative subsequently telling Congress in April 2026 that trade actions on digital issues were "readied in draft". The President has since repeatedly threatened tariffs on countries that "attack" US technology companies through digital taxes or regulation.[52] Unsurprisingly, this has bred political timidity around the world on taxing the digital economy more fairly, at least while the administration commanded majorities in both houses of Congress.

But the political weather is changing and the cost of Big Tech indulgence is now becoming hard to ignore.

US federal corporate income tax receipts fell by $70bn (16%) in fiscal year 2026, to $382bn, even as corporate income rose. The Congressional Budget Office attributes the fall to the larger deductions for investment introduced by the One Big Beautiful Bill Act in 2025. Meanwhile, the federal deficit has reached $2.0tn.[53],[54] The Institute on Taxation and Economic Policy finds that Alphabet, Amazon, Meta and Microsoft paid federal income tax equal to just 4.3% of their combined $414bn of US profits in 2025. Between them, they received $69bn of federal tax breaks, more than a third of all those it identified across 706 large US corporations, which collectively paid just 10.4%, the lowest rate it has found in over 40 years.[55] Add the seismic outcome of the November 2026 mid-term elections, in which Democrats have won both houses of Congress, and a much-needed new window for reform could open from 2027. Voters are reported to have turned sharply against AI data centres, rejecting them in 40 of 41 local ballot measures, and 56% said data centres were a crucial or major factor in their vote. These are the same data centres whose construction, through full expensing, is driving down the Silicon Six's cash tax. The backlash is crossing the Atlantic: in the UK, the Green Party has called for data centres to be removed from full expensing, which it estimates would raise around £5bn of corporation tax over 2027–2029.[56] Divided government in the US will not legislate quickly, given the President's veto. But control of Congress brings control of its committees and hearings, and with it the power to put Big Tech's tax affairs under scrutiny.[57]

At a global level, the OECD is now considering revisiting its 2015 transfer pricing rules on intangibles, which were meant to tie residual profit to where the real work of developing and managing intellectual property is done, having acknowledged that it has not studied how they have operated in practice over the past decade.[58] At the United Nations, meanwhile, negotiations on a Framework Convention on

International Tax Cooperation contain a draft protocol on the taxation of income from cross-border services, which would give market countries a shared right to tax income from services, including automated digital services, without the need for any physical presence.[59]

Both the European Commission and European Parliament are expressing a strong desire to review and increase the taxation of the digital economy, as and when geopolitics aligns. The European Parliament itself acknowledged in October 2026 that the growth of digital trade has swollen the taxable profits of "a small number of multinational digital companies headquartered outside the EU", and that this "may require a rethinking of the reallocation of taxing rights".[60]

Even industry leaders now acknowledge the issue: Dario Amodei, chief executive of Anthropic, has advocated for taxes targeting AI companies and capital gains to address potential labour market disruption and severe job displacement from artificial intelligence.[61]

The scale of the AI investment boom under way is unprecedented. The IMF has said that, relative to GDP, it is likely to exceed what went into building the railroads, the electricity grid and the telecommunications network, with AI hardware and related tech products already accounting for more than one-tenth of world goods trade, and rising.[62] The IMF's Managing Director has since warned that "AI may raise growth, but it could also reduce labour income, increase inequality, and erode the tax base", and that countries "will need tax systems designed for the AI era".[63] Yet, through generous tax write-offs, the AI boom is already helping to hollow out corporate tax receipts in the United States and elsewhere. Meta, for one, is reportedly claiming research tax credits on the chips in its AI data centres. An adult conversation about taxing the AI economy cannot begin soon enough.

The EU and the UK should use the intervening period to prepare: building the evidence base, closing transparency gaps and readying measures that can be deployed when the political window opens.

6.1. Solutions for the European Union and the United Kingdom

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

a) **Convene special commissions into the total tax contribution of Big Tech and the digital economy.**

The EU and the UK should both convene special commissions into whether Big Tech and the wider digital economy are making a proportionate total tax contribution compared with other sectors. The starting point should be to establish what tax Big Tech and the wider digital economy currently contribute in the EU and the UK, and to make this public. Big Tech is currently invisible in official statistics: HMRC's sector breakdowns cannot identify the digital economy, and Amazon and Alphabet classify their main UK companies under 'other business support service activities'. In the meantime, the EU and UK should publish the aggregate corporate income tax, employer payments, business rates and other taxes paid by businesses that are (or should be) liable to a digital services tax. This will provide the first real

intelligence on the tax contribution of Big Tech in the EU and UK and quickly help inform debate.[64]

b) Deepen and extend public Country-by-Country Reporting requirements.

The EU should use the forthcoming review of the Public Country-by-Country Reporting Directive to remove the five-year 'safeguard' deferral, create a central repository for reports, require a breakdown for every jurisdiction worldwide rather than aggregated 'rest of world' figures, and oblige ultimate parents to provide EU subsidiaries with the data they need to report – closing the route Amazon has used in Romania. In parallel, the UK should 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 on an ongoing basis.[65] Three-quarters (74%) of the British public support requiring multinationals to disclose how much income, profit and tax they pay in each country.[66] The European Parliament has itself very recently reaffirmed that "tax transparency measures, including public country-by-country reporting, contribute to fair competition, enhance corporate accountability and provide greater certainty for investors".[67] Full country-by-country disclosure is neither impractical nor commercially damaging: a growing number of multinationals already publish it voluntarily, including Fair Tax Mark-certified businesses such as Fortum, Iberdrola, Lush, Ørsted, Repsol and SSE.[68]

c) Consider introducing a Big Tech Market Profits Levy.

The EU and the UK should consider applying a bespoke Market Profits Levy to target the profits that are generated by EU- and UK-based customers but which are not booked as income in the EU and UK. In effect, this would be a fuller, unilateral version of Pillar One, which would have reallocated only a quarter of residual profit. There is a UK precedent: since 2014, remote gambling duties have been charged on UK customers' gambling wherever the operator is based. The tax follows the customer, not the company. It is, moreover, the principle most US states already apply in taxing the US profits of the Silicon Six themselves. Nor would it be unusual to tax a highly profitable sector more heavily. In the UK, banks pay a corporation tax surcharge and a balance-sheet levy, oil and gas producers pay the Energy Profits Levy, and electricity generators pay a levy on exceptional receipts.[69] Across the EU, fossil fuel companies were subject to a temporary "solidarity contribution" from 2022, and almost half of EU countries introduced new taxes on banks in response to their exceptional recent profits.[70] Big Tech, the most profitable sector of all, faces no equivalent beyond a scattering of relatively small digital services taxes.

d) Deepen and extend Digital Services Taxes.

In the absence of a Market Profits Levy (see above), the UK should increase, and broaden the scope of, its digital services tax to cover cloud services, software and a wider range of digital advertising, and prohibit separately itemised 'DST fees' being overtly passed on to UK advertisers and sellers. This has strong public backing: 67% of the British public agree that big technology companies, such as Facebook, Google, Apple and Amazon, should pay an additional digital services tax.[71] The

European Commission's stated appetite for an EU-wide digital services tax[72] should be pursued in parallel. The European Parliament's services have estimated that up to €25.2bn a year could be generated from a 5% EU-wide digital levy on a broad base, including advertising, intermediation, streaming and data processing services.[73]

e) Hold the line on the global minimum tax.

The EU and the UK should resist any widening of the Pillar Two 'side-by-side' exemption, whether by extending it to other countries' regimes (Brazil applied for equivalent status in February 2026) or by loosening its conditions. The European Parliament has warned that the exemption risks "reigniting the harmful corporate tax practices that the Pillar Two framework was designed to curb", and has called on the Commission urgently to assess its cost to Member States' revenues.

f) Allow corporate tax conduct to be a factor in public procurement decision making (at both a national and local level).

Across Europe, public procurement should be able to take explicit account of corporate tax conduct, as a specified allowable factor within social value considerations, including through the EU's proposed Public Procurement Act (COM(2026) 590). The European Parliament has already recommended that "access to European funding instruments, research and innovation programmes, and public procurement opportunities (should) be made conditional on having a substantive tax presence, in particular through the implementation of tax good governance principles and compliance with EU law".[74] The European Trade Union Confederation has likewise called for the Public Procurement Act to reinforce the ability of public authorities to "exclude companies not paying their fair share of taxes".[75] Such tax conduct conditionality should also be tied to complete disclosures on country-by-country reporting and beneficial ownership, and a policy commitment to applying the spirit as well as the letter of the law. These conditions are both material and modest when set against the way in which the United States has politicised its own public procurement: federal contractors must now certify that they run no "illegal" diversity programmes, on pain of liability under the False Claims Act, and states such as Texas bar public contracts with financial firms deemed to "boycott" fossil fuels.[76]

6.2. Solutions for the United States

a) Repeal the FDII / FDDEI.

The United States should repeal the deduction for foreign-derived intangible income, which the One Big Beautiful Bill Act made permanent and renamed FDDEI from 2026, taxing profits from serving foreign customers at around 14%. It is in effect an export subsidy that rewards past innovation rather than encouraging new investment, as the US Treasury itself concluded in 2024. Its repeal has been proposed in Congress in the No Tax Breaks for Outsourcing Act[77] and by the Hamilton Project at the Brookings Institution, as part of a package that would raise around $4tn over ten years.[78]

b) Reform the GILTI / NCTI.

The United States should apply its tax on low-taxed foreign income (formerly GILTI, now NCTI) on a country-by-country basis at no less than 15%, so that profits in tax havens can no longer be blended with tax paid in higher-tax countries, and so bring it into line with the OECD global minimum tax it helped to design.

c) Deepen and extend public Country-by-Country Reporting requirements.

The United States should require public country-by-country reporting for US-listed multinationals, through the SEC or legislation.

d) Reform full expensing tax reliefs.

The United States should pair full expensing with tighter limits on interest deductions. The One Big Beautiful Bill Act both made 100% bonus depreciation permanent and loosened interest limitation. Taken together, debt-financed investment can now attract a negative effective marginal tax rate: a subsidy, not merely a neutral incentive to invest. This matters most for the Silicon Six's rapidly expanding and increasingly debt-financed data-centre build-out. It should also consider denying interest deductions on borrowing that finances fully expensed assets.[79]

7. Endnotes

[1] Market capitalisation at 30 October 2026, from companiesmarketcap.com (sterling values converted at £1 = $1.3242): Apple $5.02tn, Microsoft $3.88tn, Alphabet $3.40tn, Amazon $2.59tn, Meta $1.57tn and Netflix $0.25tn, a total of $16.7tn. At 23 September 2026, the FTSE 100 constituents had a combined market capitalisation of £2.73tn ($3.62tn) (London Stock Exchange) and the EURO STOXX 50 €5.35tn ($6.10tn) (STOXX factsheet, €1 = $1.1408), a combined $9.7tn. https://companiesmarketcap.com/gbp/

[2] Combined revenue of $2,177bn in each company's latest financial year: calendar year 2025, except Apple (year to 26 September 2026) and Microsoft (year to 30 June 2026), from Form 10-K. GDP at current prices in US dollars for 2025, from the IMF World Economic Outlook database (indicator NGDPD), accessed via IMF DataMapper. Eleven economies had GDP above $2.18tn: the United States, China, Germany, Japan, the United Kingdom, India, France, Russia, Italy, Canada and Brazil. Some 2025 values are IMF estimates. https://www.imf.org/external/datamapper/NGDPD@WEO

[3] From Brace for Impact (Open Markets Institute and AFR, October 2026, p.20). Relates to "the four largest hyperscalers": Amazon, Microsoft, Alphabet and Meta.

[4] US: federal lobbying expenditure for calendar year 2025 reported under the Lobbying Disclosure Act, from OpenSecrets. Meta $26.29mn, Amazon $19.08mn, Alphabet $16.62mn, Apple $10.41mn, Microsoft $10.11mn and Netflix $3.08mn: a total of $85.58mn. EU: estimated annual cost of lobbying the EU institutions, as declared to the EU Transparency Register for each company's most recent financial year, from LobbyFacts.eu. Meta €10.0mn, Amazon €9.5mn, Apple €8.5mn, Microsoft €7.5mn, Alphabet €5.5mn and Netflix €0.75mn: a total of €41.75mn ($47.63mn at €1 = $1.1408). Combined total: $133.2mn. https://www.opensecrets.org/federal-lobbying ; https://www.lobbyfacts.eu

[5] Microsoft's financial year ends on 30 June, and Apple's on the last Saturday of September. Figures for Microsoft and Apple cover their financial years 2017 to 2026 (Microsoft: July 2016 to June 2026; Apple: late September 2016 to September 2026); for both, 'last year' refers to FY2026 and 'the last three years' to FY2024–FY2026.

[6] Our methodology has evolved between reports. This year we apportion profit by customer location and apply the OECD's combined statutory rates for each market (see note 16), so headline figures are not directly comparable. On last year's methodology, the 2016–2025 gap would have been $339.3–387.6bn, against $277.8bn for 2015–2024 (see note 17). Last year's report is available at https://fairtaxmark.net/wp-content/uploads/Silicon-Six-Report-2025.pdf

[7] ASU 2023-09 (Income Taxes, Topic 740), mandatory for US public business entities for annual periods beginning after 15 December 2024, requires income taxes paid (net of refunds) to be disclosed by federal, state and foreign tax, and by individual jurisdiction where that jurisdiction accounts for 5% or more of total income taxes paid.

[8] See the Fair Tax Foundation's pCbCR hub: https://fairtaxmark.net/resources/public-country-by-country-reporting-why-and-how/

[9] See S. Dyreng, M. Hanlon and E. Maydew, 'Long-Run Corporate Tax Avoidance', The Accounting Review, 83(1), 2008, pp. 61–82, which introduced the long-run cash effective tax rate (cash taxes paid divided by pre-tax income, measured over periods of up to ten years) as a measure of corporate tax avoidance.

[10] Alphabet told the UK Competition and Markets Authority that its UK revenues for 2024 were £10–20bn (the exact figure redacted), while Google UK Limited booked revenue of £2.9bn, mostly from services provided to other group companies. See https://www.mirror.co.uk/money/google-tax-advertising-uk-revenue-37743774

[11] Z. Milin, Why Doesn't the US Tax Its Big Corporations More? The Myth of "Global Tax Competitiveness" (Roosevelt Institute, 3 September 2026), https://rooseveltinstitute.org/publications/why-doesnt-the-us-tax-its-big-corporations-more-the-myth-of-global-tax-competitiveness/; and K. Clausing, The Future of US International Corporate Tax Reform (The Hamilton Project, Brookings Institution, 16 June 2026), https://www.hamiltonproject.org/publication/policy-proposal/the-future-of-us-international-corporate-tax-reform/

[12] Apple's 'Europe' segment also includes India, the Middle East and Africa. Alphabet and Netflix report only for 'EMEA' (Europe, the Middle East and Africa). Meta reports Europe alone. Amazon discloses only Germany and the UK, and Microsoft discloses no European split, so its share is estimated from its peers. Some of these definitions therefore capture non-European customers, while Amazon's understates Europe substantially. In each case, expected tax is calculated at the

GDP-weighted average combined statutory rate of the countries the company's region actually covers.

[13] See https://fairtaxmark.net/wp-content/uploads/Why-focus-on-corporation-tax.pdf (Fair Tax Foundation, July 2023).

[14] The federal corporate income tax rate has been 21% since 2018; before that, it was 35% for large businesses from 1993. In addition, most states levy their own corporate income tax: 44 states impose one, some alongside or instead of a gross receipts tax, and only two levy neither. The OECD's combined rate is the central government rate (net of the deduction for sub-national taxes) plus the GDP-weighted average sub-central rate across the 50 states and the District of Columbia. On the OECD's figures it averaged 28.4% over 2016–2025: 38.9% in 2016 and 2017, falling to an average of 25.8% over 2018–2025 after the Tax Cuts and Jobs Act, and 25.6% in 2025. See OECD, Corporate income tax statutory and targeted small business rates (OECD Data Explorer).

[15] The worldwide and European averages are weighted by GDP. The worldwide average covered 181 jurisdictions and accounted for the vast majority of global GDP. Annual averages: 2025, worldwide 26.04%, Europe 26.06%; 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%. See https://taxfoundation.org/data/all/global/corporate-tax-rates-by-country-2025/ (Tax Foundation, December 2025).

[16] We estimate the tax due by apportioning each company's global pre-tax profit between countries and regions in proportion to where it makes its sales (drawn from geographic revenue disclosures, e.g., 'Europe' or 'EMEA'), and applying the OECD's combined (central and local government) statutory corporate income tax rate for each location, averaged by GDP within each region. This is a full, sales-based apportionment, which goes considerably further than the OECD's Pillar One (Amount A), which would have reallocated only 25% of profit above a 10% margin to market countries. Cash tax paid excludes Apple's payment to Ireland following the EU State Aid decision, which related to profits of 2003–2014. It also excludes the share of US transition tax payments under section 965 attributable to offshore earnings accumulated before 2016 (before FY2017 for Apple and Microsoft). Both relate to profits generated before the period under review. For Apple, we treat 77.1% of its $37.3bn transition tax liability as relating to earnings before FY2017, based on the growth in its disclosed deferred foreign earnings over 2015–2017. The US transition tax (section 965, sometimes called the repatriation tax) was a one-off charge under the Tax Cuts and Jobs Act 2017 on foreign earnings accumulated offshore since 1986, levied at 15.5% on cash and cash equivalents and 8% on other assets, and payable in instalments over eight years. Those earnings would previously have faced the 35% federal rate if repatriated.

[17] The previous methodology applied the US combined (federal and state) statutory corporate income tax rate to all profits, less corporate income tax paid in cash. The lower figure uses the decade's US rate weighted by each year's profits (26.9%). The higher figure uses a simple average of the annual rates (28.4%), as in last year's report. Both figures exclude section 965 transition tax payments attributable to earnings before 2016 (before FY2017 for Apple and Microsoft), consistent with the rest of this year's analysis. Last year's estimate of $277.8bn did not make an adjustment for 965 transition tax payments.

[18] Amazon.com, Inc., Form 10-Q for the quarter ended 30 June 2026. Meta Platforms, Inc., Form 10-Q for the quarter ended 30 September 2026.

[19] Form 10-K tax rate reconciliations. Apple does not disclose FDII separately (its FY2026 reconciliation shows only a net $2.3bn benefit from 'cross-border tax laws'); Meta did not disclose a figure for 2025. On the previous administration's proposal to repeal it, see US Treasury, General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals, https://home.treasury.gov/system/files/131/General-Explanations-FY2025.pdf. On the One Big Beautiful Bill Act changes, see J. Ushakova-Stein, R. Barrage and K. Rimpfel, 'How the OBBBA's International Tax Rule Changes Impact MNEs', Bloomberg Tax, 21 July 2025.

[20] Collective year-end balances of unrecognised tax benefits, from each company's Form 10-K: $24.9bn in 2015 and $83.4bn in 2025 (Apple: FY2015 and FY2026; Microsoft: FY2016 and FY2026). Under ASC 740 (formerly FIN 48), a company may recognise the benefit of a tax position in its accounts only if it is more likely than not to be sustained on examination, and then only at the largest amount that is more than 50% likely to be realised. The unrecognised tax benefit is the difference between the benefit claimed on the tax return and the benefit recognised. Accrued interest and penalties at the latest year end: Microsoft $9.4bn, Meta $2.6bn, Amazon $1.2bn, Alphabet $0.4bn, Netflix $0.08bn; Apple does not disclose a comparable figure.

[21] The OECD's global minimum tax (Pillar Two) was agreed by more than 130 jurisdictions in October 2021. It requires multinationals with revenues above €750mn to pay at least 15% on their profits in every jurisdiction in which they operate. The OECD estimated in January 2024 that it could raise $155–192bn a year in additional corporate tax. A subsequent OECD working paper estimates that it raised €79–109bn ($91–126bn) in its first year, 2024, equivalent to 2.4–3.4% of global corporate income tax revenue, with implementation still incomplete. See T. Zawisza, MNE Responses to the Global Minimum Tax, OECD Taxation Working Papers, 15 July 2026, https://www.oecd.org/en/publications/mne-responses-to-the-global-minimum-tax_0bc9aac9-en.html

[22] Effective tax rate is the total tax provision as a percentage of pre-tax profit, from each company's Form 10-K. Latest year (2025; Apple and Microsoft FY2026): Alphabet 16.8%, Amazon 19.6%, Apple 17.0%, Meta 29.6%, Microsoft 19.4%, Netflix 13.7% (2024: 12.6%; 2023–2025: 13.1%). Cash rates are adjusted as described in note 16. Meta recorded a one-time, non-cash income tax charge of $15.93bn in the third quarter of 2025, establishing a valuation allowance against US federal deferred tax assets following the enactment of the One Big Beautiful Bill Act; excluding it, its 2025 rate would have been 11.1%. See Meta Platforms, Inc., Form 10-K for 2025, Note on income taxes.

[23] OECD/G20 Inclusive Framework on BEPS, Global Anti-Base Erosion Model Rules (Pillar Two), Side-by-Side Package, 5 January 2026; European Commission notice of 12 January 2026. Under the One Big Beautiful Bill Act, the deduction for net CFC tested income falls to 40% from 2026, giving a rate of 12.6%, or around 14% where foreign tax credits apply. On the European Parliament's warning, see note 60, paragraph 5; it also notes (recital J) that neither the OECD nor the Commission has published any estimate of the impact of the side-by-side package.

[24] K. Clausing, The Future of US International Corporate Tax Reform, The Hamilton Project, Brookings Institution, June 2026, pp. 5–7, https://www.hamiltonproject.org/publication/policy-proposal/the-future-of-us-international-corporate-tax-reform/, drawing on IRS country-by-country data for 2023. Her proposals include repealing FDDEI, adopting the undertaxed profits rule, and raising the US minimum tax on foreign income; the package would raise about $4tn over 2030–39 (Penn Wharton Budget Model).

[25] Profit attributable to European customers is apportioned by revenue, using each company's European revenue as disclosed (Apple: 'Europe' segment, which includes India, the Middle East and Africa; Alphabet and Netflix: EMEA; Meta: Europe; Amazon: Germany and the UK only, so understated). Microsoft does not disclose a European split; its EMEA share of foreign revenue is assumed to equal the average for Alphabet, Apple and Netflix in each year. Expected tax applies GDP-weighted OECD combined statutory rates for the region. As none of the six discloses the tax it pays in Europe over the period, tax paid is estimated by allocating each company's foreign current tax in proportion to Europe's share of its foreign revenue. The figures are therefore estimates, not measurements; where European hubs also tax profit earned from customers outside Europe (as in Ireland), tax paid in Europe will be higher than allocated here, but that tax accrues mainly to the hub country rather than to the market countries where customers are located. As a cross-check, Microsoft's FY2025 EU public country-by-country report shows $43.5bn of revenue booked by its subsidiaries in EU countries other than Ireland, Luxembourg and Malta, and its main UK subsidiary booked about $15bn: together around $58bn, against our estimate of $70bn for its whole EMEA region.

[26] Applies the UK ratio of tax paid to tax due (around 20%, see the United Kingdom section) to the Silicon Six's expected European tax of $99bn (€87bn) over 2023–2025. This is an illustrative extrapolation, not a measurement.

[27] This is an indicative estimate only. It adds to the market-country estimate for the Silicon Six an indicative allowance for other large digital groups, based on their approximate revenues and profit margins rather than company-by-company analysis.

[28] See note 73.

[29] The Microsoft figure compares tax accrued by its subsidiaries in those five countries in FY2025 ($0.55bn), as published in its EU public country-by-country report, with tax at their local rates had they earned the group's pre-tax margin on the revenue they booked (about $3.9bn).

[30] OECD, Corporate Tax Statistics: Country-by-Country Reporting, Table 1A (Panel A, all sub-groups), fiscal year 2023, OECD Data Explorer (dataflow OECD.CTP.TPS:DSD_CBCR@DF_CBCRI, version 1.1), downloaded 3 November 2026. Rates are our calculations: income tax paid (cash basis), and income tax accrued (current year), divided by profit (loss) before income tax, summed across all counterpart jurisdictions, including domestic operations. Five countries combined: profit $1,445bn, cash rate 28.7%, accrued rate 28.7% (Germany 29.0%, France 33.6%, Italy 26.1%, Spain 23.6% and the Netherlands 23.5% on a cash basis). United States: profit $3,411bn, cash rate 20.8%, accrued rate

19.4%. The US total includes $222bn of profit reported by "stateless" entities, which include tax-transparent entities; excluding these, the US cash rate would be around 22%. US-headquartered groups reported profit of $142.8bn in Ireland, $99.2bn in Singapore, $77.6bn in Switzerland and $22.7bn in Cyprus, a combined $342.2bn, on which they paid $32.9bn of income tax in cash (9.6%). A further $826bn of US groups' foreign profit is reported only as an aggregate "rest of the world". In a small number of cases, German values are suppressed for confidentiality. The OECD cautions that the profit variable may in some cases include intra-group dividends, which are generally exempt from tax. The UK is excluded because the data supplied by HMRC withhold, for confidentiality reasons, the profit of UK-headquartered groups' UK operations, while still reporting the tax they paid.

[31] UK figures are estimated separately, and bottom-up: UK customer revenue (disclosed by Amazon in its 10-K and by Netflix's UK subsidiary; estimated for Alphabet and Meta from Alphabet's last disclosed UK share of EMEA revenue, for Apple from the UK's share of GDP within its Europe segment, and taken as UK-booked revenue, a floor, for Microsoft, whose UK subsidiary also earns commission income "under agreements with sister companies in Ireland based on a mark-up on eligible costs incurred", indicating that some UK sales are booked in Ireland) multiplied by each group's global pre-tax margin and the UK main rate (19% in 2022, 25% from 2023), less the current tax charged to their main UK subsidiaries according to their Companies House accounts. Periods are the latest three years available (Meta 2022–2024; Apple FY2023–FY2025, as its FY2026 UK accounts are not yet filed; Microsoft FY2023–FY2025). For Microsoft, UK-booked revenue includes that of Activision Blizzard UK from FY2024, following its acquisition in October 2023, but not its tax: that company's current tax charge for the 18 months to June 2024 relates mainly to a provision for an HMRC enquiry into the transfer of intellectual property to the UK, covering tax years from 2019. Dollar revenue is converted at each year's average exchange rate. Shares of UK turnover and corporation tax are measured against ONS Annual Business Survey turnover for the UK non-financial business economy (£5,089bn, 2024) and HMRC corporation tax liabilities (£87.9bn, 2024–25). Microsoft Limited, Annual Report and Financial Statements for the year ended 30 June 2024, note 2 (revenue recognition), Companies House.

[32] This is an indicative estimate only. It adds to our estimate for the Silicon Six (around £4bn a year) an indicative allowance for other large digital groups with substantial UK sales, based on their approximate revenues and margins rather than company-by-company analysis.

[33] HMRC, HMRC tax and NICs receipts for the UK, 23 April 2026, https://www.gov.uk/government/statistics/hmrc-tax-and-nics-receipts-for-the-uk. Digital Services Tax receipts were £944m in 2025–26 (2024–25: £808m).

[34] Office for Budget Responsibility, Economic and fiscal outlook – October 2026, Table A.5 (forecasts): Bank Surcharge £1.6bn (2026–27) and £2.4bn (2027–28); Bank Levy £1.6bn in both years; Energy Profits Levy £3.8bn and Electricity Generator Levy £0.6bn in 2026–27. The Bank Surcharge figures reflect its temporary increase from 3% to 6% between 1 January 2027 and 31 March 2028 (para. 3.16). See https://obr.uk/efo/economic-and-fiscal-outlook-october-2026/

[35] Bank figures are cash corporation tax (including Bank Surcharge where reported) plus UK Bank Levy for 2025, from each bank's 2025 tax transparency, country-by-country or annual reports; Bank Levy for JP Morgan and Goldman Sachs is estimated. Silicon Six figures are the current tax charged to their main UK subsidiaries for the latest available year (Meta 2024; Microsoft FY2025; others 2025), so the bases are not identical.

[36] Meta recognised a discrete benefit of $8.03bn in the first quarter of 2026 under the CAMT transitional relief in Treasury Notice 2026-7, partially reversing the $15.93bn charge recorded in the third quarter of 2025; its effective tax rate for the nine months to 30 September 2026 was 2%. See Meta Platforms, Inc., Form 10-Q for the quarter ended 30 September 2026.

[37] Meta Platforms, Inc., Form 10-Q for the quarter ended 30 September 2026, Note 12 (Income Taxes): gross unrecognised tax benefits of $20.82bn at 30 September 2026 ($16.45bn at 31 December 2025), "primarily related to the uncertainties with our research tax credits and transfer pricing with our foreign subsidiaries, which include licensing of intellectual property, providing services and other transactions". $14.58bn would reduce its tax charge if realised. Accrued interest and penalties rose from $2.60bn to $3.47bn over the same period. Meta states that it expects "to continue to accrue unrecognized tax benefits for certain recurring tax positions". https://www.sec.gov/Archives/edgar/data/0001326801/000162828026066773/meta-20260930.htm

[38] Meta Platforms, Inc., Form 10-K for 2025, Note 14 (Income Taxes): Statutory Notice of Deficiency received in September 2025 asserting $15.89bn of additional tax for 2017–2019, plus interest and

penalties, and the US Tax Court's opinion of 22 May 2025 in Facebook, Inc. v. Commissioner (2010 tax year).

[39] New York Times, investigation into Meta's use of the federal research credit, 30 September 2026 (at https://www.nytimes.com/2026/09/30/technology/meta-ai-data-centers-taxes.html); as reported in R. Chakrabarti, 'Meta reportedly calls its AI data centers "pilot models"', Moneywise/Yahoo Finance, 30 September 2026, https://finance.yahoo.com/technology/ai/articles/meta-reportedly-calls-ai-data-035500665.html. Research credit amounts are from Meta's Form 10-K tax rate reconciliations. Meta states that it uses "the tax incentives Congress established decades ago to encourage this type of domestic investment".

[40] Facebook, Inc. v. Commissioner, US Tax Court, Docket No. 12738-18, cross-motions for partial summary judgment filed 30 May 2025. See T. Navera, 'Meta, IRS Seek Ruling on Tax Credit for Zuckerberg Stock Options', Bloomberg Tax, 9 June 2025, https://news.bloombergtax.com/daily-tax-report/meta-irs-seek-ruling-on-tax-credit-for-zuckerberg-stock-options

[41] Revenue and cash tax: Form 10-K filings, 2016–2025 (Apple and Microsoft FY2017–FY2026). AWS: Amazon.com, Inc., Form 10-K for 2025, segment information. AWS operating income of $45.6bn on net sales of $128.7bn, against total operating income of $80.0bn on net sales of $716.9bn.

[42] Amazon UK Services, Amazon Digital UK Ltd, Amazon Online UK Limited, Amazon Data Services UK Ltd, Amazon Payments UK Ltd, Amazon Development Centre (London) Limited and Amazon Development Centre (Scotland) Limited, with combined revenue of £16.5bn in 2025. Some of this is earned from customers outside the UK or from other Amazon companies. Amazon's 10-K shows UK net sales of $43.2bn (around £33bn), so at least £16bn of UK sales is booked elsewhere, most likely by Amazon EU S.à r.l. in Luxembourg through its UK branch. The UK tax paid by that branch is not disclosed. Amazon EU S.à r.l.'s total tax charge across all its European branches was just €63.2m in 2025 (covers both current tax and deferred tax), and this is the first tax charge it has recorded in eight years. Even if all of it related to the UK, our estimate of Amazon's UK tax gap would change only marginally. See https://www.theguardian.com/technology/2026/jun/09/amazon-uk-arm-tax-credit-profits-tech-company

[43] Amazon makes great play of its total tax contribution to the UK, which in 2025 was reported to be £6.5bn. However, 'more than £5bn' of this is taxes collected, not taxes borne. Despite repeated requests, Amazon refuses to disclose what percentage of its total tax contribution relates to corporate income tax in the UK. In connection with its tax contribution in Europe, it says that it pays "hundreds of millions of euros every year". On that basis, its European tax gap is likely greater than our methodology has assumed (given our methodological allocation of part of its foreign current tax based on the hard 10-K revenue data we have for the UK and Germany only, which gives an estimated European corporate income tax contribution of $1.09bn in 2024 and $1.70bn in 2025). See Amazon, 'Four things to understand about Amazon's tax contribution in Europe', 19 February 2026, https://www.aboutamazon.eu/news/working-at-amazon/four-things-to-understand-about-amazons-tax-contribution-in-europe; Amazon, 'Amazon's economic impact in the UK', updated 22 June 2026, https://www.aboutamazon.co.uk/news/company-news/amazon-economic-impact-uk-tax-contributions-investments (2025: taxes borne £1.3bn, taxes collected 'more than £5bn', UK revenues "more than £30bn").

[44] In summary, in Romania the EU pCbCR filing provides data on Romanian activities only; whilst in Spain, the filing does the same for Spain-only. On receiving a draft of this report, Amazon indicated that it is their intention to comply more fully with the EU pCbCR Directive by the year end.

[45] See note 55.

[46] Court of Justice of the European Union, Case C-465/20 P, Commission v Ireland and Apple, judgment of 10 September 2024, https://curia.europa.eu/jcms/upload/docs/application/pdf/2024-09/cp240133en.pdf. Singapore and cross-border figures: Apple Inc., Form 10-K for the year to 26 September 2026, income tax rate reconciliation (Singapore 'tax rate difference, including incentives' $(5,492)m; 'Qualified Domestic Minimum Top-up Tax' $2,510m; 'effect of cross-border tax laws' $(2,307)m).

[47] Microsoft, statement of 11 October 2023 on IRS Notices of Proposed Adjustment for 2004–2013, https://microsoft.gcs-web.com/node/31951/html.

[48] The OECD estimated that Amount A would reallocate taxing rights over about $200bn of profit a year, raising global tax revenue by $17–32bn a year (based on 2021 data). See OECD, 'Inclusive Framework releases new multilateral convention to address tax challenges of globalisation and digitalisation', press release, 11 October 2023, https://www.oecd.org/en/about/news/press-releases/2023/10/inclusive-framework-releases-new-multilateral-convention-to-address-tax-challenges-of-globalisation-and-digitalisation-.html. When the two-pillar deal was agreed, the

OECD said Pillar One would apply to around 100 of the largest and most profitable multinationals (OECD, 'International community strikes a ground-breaking tax deal for the digital age', press release, 8 October 2021).

[49] Under Amount A, Pillar One would have reallocated to market jurisdictions 25% of the residual profit (above a 10% margin) of multinationals with global revenues above €20bn, through a multilateral convention. Research suggests that around half of the groups in scope are US-headquartered, accounting for nearly 70% of the profit to be reallocated. See EU Tax Observatory, Working Paper 12 (2023), https://www.taxobservatory.eu/www-site/uploads/2023/03/wp_202312_.pdf. Under the US Constitution, treaties require the consent of two-thirds of the Senate.

[50] For an overview, see CCIA, 2026 Status of Key Digital Services Taxes, 23 July 2026, https://ccianet.org/wp-content/uploads/securepdfs/2026/07/2026-07-23-2026-Status-of-Key-Digital-Services-Taxes-CCIA.pdf.

[51] Department of Finance Canada, 'Canada rescinds digital services tax to advance broader trade negotiations with the United States', news release, 29 June 2025, https://www.canada.ca/en/department-finance/news/2025/06/canada-rescinds-digital-services-tax-to-advance-broader-trade-negotiations-with-the-united-states.html. The Minister of Finance announced that the collection due on 30 June 2025 would be halted and that legislation would be brought forward to rescind the Digital Services Tax Act, as Prime Minister Carney and President Trump agreed to resume trade negotiations.

[52] Presidential Memorandum, Defending American Companies and Innovators from Overseas Extortion and Unfair Fines and Penalties, 21 February 2025, directing the US Trade Representative to consider renewing Section 301 investigations into digital services taxes, and subsequent statements by the President threatening tariffs on countries with digital taxes or regulations; and testimony of Ambassador Jamieson Greer, US Trade Representative, to the House Ways and Means Committee hearing on the President's 2026 Trade Policy Agenda, 22 April 2026, as reported in EY, Report on recent US international tax developments, 24 April 2026, https://taxnews.ey.com/news/2026-0933-report-on-recent-us-international-tax-developments-24-april-2026

[53] Congressional Budget Office, Monthly Budget Review: September 2026, 8 October 2026, https://www.cbo.gov/system/files/2026-10/61985-MBR.pdf. Corporate income tax receipts fell from $452bn in FY2025 to $382bn in FY2026. The CBO states that "the 2025 reconciliation act [the One Big Beautiful Bill Act] allows corporations to take larger deductions for certain investments", reducing payments and "offsetting the increases in those receipts that otherwise would have been expected, given the rise in corporate income". The deficit was $1,993bn.

[54] So generous are the new US expensing provisions that they are now colliding with the base erosion and anti-abuse tax (BEAT), a backstop introduced in 2017 to stop multinationals stripping their US tax base through deductible payments to foreign affiliates. BEAT applies where a minimum tax on income with those payments added back exceeds the company's regular tax liability. Because the 2025 write-offs for capital spending and research push regular liability so low, more US groups are reportedly facing substantial BEAT bills, and some are waiving deductions or liquidating foreign subsidiaries to avoid it. The episode illustrates how far the 2025 reliefs have eroded the regular corporate tax base: an anti-avoidance backstop is now doing the work the main tax was meant to do. See Internal Revenue Code section 59A. BEAT applies to corporations with average annual gross receipts of at least $500m whose deductible payments to foreign related parties are 3% or more of total deductions (2% for certain banks and securities dealers). Reported in Bloomberg Tax, as summarised in Eide Bailly, Tax News & Views International Weekly: The AI Tax Reset, 20 October 2026, https://www.eidebailly.com/insights/blogs/2026/10/apintl20261020

[55] M. Gardner, S. Wamhoff, J. Hughes and S. Marasini, After Two Rounds of Trump Tax Cuts, Corporate America Paid Less Than Ever in 2025 (Institute on Taxation and Economic Policy, October 2026), https://itep.org/corporate-tax-avoidance-2025/. Effective rate is current federal income tax as a share of US pre-tax income less current state tax, for fiscal year 2025 (Microsoft: year to 30 June 2025): Alphabet 7.9%, Meta 3.6%, Microsoft 2.4%, Amazon 1.4%. Apple (23.4%) and Netflix (11.0%) bring the Silicon Six to 6.5% of $475bn. Tax breaks are measured against the 21% statutory federal rate. Current tax is an accruals measure and may include US tax on foreign income (GILTI/NCTI), which these four companies do not disclose separately.

[56] Green Party, 'End tax relief for datacentres to fund energy bill support this winter, say Greens ahead of Budget', 23 October 2026, https://greenparty.org.uk/2026/10/23/end-tax-relief-for-datacentres-to-fund-energy-bill-support-this-winter-say-greens-ahead-of-budget/

[57] ABC News projections, 4 November 2026, https://abcnews.com/Politics/balance-power-congress-stake-2026-midterm-elections/story?id=137777679; the new Congress convenes in

January 2027. 'Voters rebuff data centers in every ballot measure except one during the 2026 midterms', CNBC, 4 November 2026, https://www.cnbc.com/2026/11/04/data-center-ballot-measures-2026-midterm.html, drawing on Ballotpedia, Data center–related ballot measures, 2026 (41 local measures in ten states; the exception was Harwood, North Dakota) and the CNBC Voter Poll.

[58] The so-called DEMPE framework (development, enhancement, maintenance, protection and exploitation of intangibles), introduced in the 2015 BEPS reports on Actions 8–10 and now in Chapter VI of the OECD Transfer Pricing Guidelines (2022), provides that legal ownership of an intangible does not in itself entitle a group entity to the return from it. That return should instead follow the entities performing and controlling the DEMPE functions. Speaking at the International Fiscal Association's 2026 Congress in Melbourne, an OECD senior policy adviser said: "We haven't had the chance to go back to basics and discuss the practical implications of how it's operating over the last 10 years." Reported in Eide Bailly, Tax News & Views International Weekly: The AI Tax Reset, 20 October 2026, https://www.eidebailly.com/insights/blogs/2026/10/apintl20261020

[59] Final texts are not due to go to the UN General Assembly until September 2027. See https://financing.desa.un.org/unfcitc

[60] European Parliament resolution of 6 October 2026 on the EU's approach to corporate tax policy in a changing international environment (2025/2210(INI)), P10_TA(2026)0327, rapporteur Kinga Kollár (EPP); adopted by 364 votes to 69, with 162 abstentions. https://www.europarl.europa.eu/doceo/document/TA-10-2026-0327_EN.html

[61] D. Amodei, "Policy on the AI exponential", June 2026, section 2 (Macroeconomics and tax policy), https://darioamodei.com/post/policy-on-the-ai-exponential#2-macroeconomics-and-tax-policy; and interview with ABC News, 10 June 2026, https://abcnews.com/Business/exclusive-anthropic-ceo-calls-stronger-regulation-ai/story?id=133753620

[62] K. Georgieva, IMF Managing Director, Curtain Raiser speech ahead of the 2026 Annual Meetings, 7 October 2026. See https://www.imf.org/en/news/articles/2026/10/07/sp100726-2026-annual-meetings-curtain-raiser

[63] K. Georgieva, "The World Can't Afford to Get AI Wrong", IMF Blog, 15 October 2026, https://www.imf.org/en/blogs/articles/2026/10/15/the-world-cant-afford-to-get-ai-wrong

[64] This would build on the European Parliament's call for the Commission to report annually on differences in effective tax rates between EU and non-EU multinationals operating in the single market. See note 60.

[65] Parliament legislated a power to require public country-by-country reporting in the Finance Act 2016, which has never been used. In the meantime, the EU and Australia have moved ahead. 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.

[66] Fair Tax Foundation (2026), Strong and Sustained: A Decade of Public Support for Responsible Corporate Tax Conduct in the UK. Polling by Walnut Omnibus (Accenture Song) of a nationally representative sample of around 2,000 adults in Great Britain; 2026 results. https://fairtaxmark.net/wp-content/uploads/Strong-and-sustained-A-decade-of-public-support-for-responsible-corporate-tax-conduct-in-the-UK.pdf

[67] See note 60.

[68] For a more detailed rationale, see https://fairtaxmark.net/resources/public-country-by-country-reporting-why-and-how/

[69] Bank Surcharge: an additional 3% corporation tax on banks' chargeable profits above £100m (8% before April 2023), temporarily increased to 6% from 1 January 2027 to 31 March 2028. Bank Levy: 0.1% on short-term and 0.05% on long-term chargeable equity and liabilities. Energy Profits Levy: 38%, giving a headline rate of 78% on upstream oil and gas profits. Higher oil and gas prices mean it is now expected to remain in place until September 2029, when the Energy Security Investment Mechanism is expected to end it, two years later than previously forecast. Electricity Generator Levy: 45% on exceptional receipts from wholesale electricity sold above a benchmark price. See Office for Budget Responsibility, Economic and fiscal outlook – October 2026, paras 3.16 and 4.28, https://obr.uk/efo/economic-and-fiscal-outlook-october-2026/; HMRC, PAYE and corporate tax receipts from the banking sector; HM Treasury, Changes to the Energy (Oil and Gas) Profits Levy (July 2024); HMRC, Electricity Generator Levy.

[70] Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices. IMF Working Paper WP/24/143 (2024), https://www.elibrary.imf.org/view/journals/001/2024/143/article-A001-en.xml.

[71] See note 66.

[72] The EU will explore a bloc-wide tax on Big Tech firms like Google, Meta and Apple if global talks drag on too long, European Commissioner Wopke Hoekstra has said. See https://www.independent.ie/business/world/this-is-a-sovereign-decision-eu-leaves-door-open-to-a-big-tech-tax-despite-us-tariff-threat/a/161651172.html

[73] Against a Commission estimate of around a fifth of that, based on existing digital services taxes in France, Spain and Italy. Reported in L. Bertuzzi, 'Exclusive: EU-wide digital levy might generate up to €25bn annually for next budget', Euronews, 29 September 2026, https://www.euronews.com/2026/09/29/exclusive-eu-wide-digital-levy-might-generate-up-to-25bn-annually-for-next-budget. The levy is a tax on revenue rather than profit, so the figure is not directly comparable with our estimate of the corporate income tax shortfall, but it indicates a similar order of magnitude.

[74] See note 60.

[75] European Trade Union Confederation, ETUC Position on the Public Procurement Act, adopted by the Executive Committee, 6–7 October 2026, para. 8.

[76] Executive Order 14173, Ending Illegal Discrimination and Restoring Merit-Based Opportunity, 21 January 2025, requires federal contractors to certify that they do not operate programmes promoting DEI that violate federal anti-discrimination laws, and makes that certification material for the purposes of the False Claims Act. Executive Order 14398, Addressing DEI Discrimination by Federal Contractors, 26 March 2026, requires federal contracts to include clauses prohibiting racially discriminatory DEI activities by contractors and their subcontractors. Texas Senate Bill 13 (2021) requires the state Comptroller to maintain a list of financial companies that "boycott" energy companies. State governmental entities may not contract with listed firms (Texas Government Code, Chapter 2274), and state pension and investment funds must divest from them (Chapter 809).

[77] See US Treasury, General Explanations of the Administration's Fiscal Year 2025 Revenue Proposals, https://home.treasury.gov/system/files/131/General-Explanations-FY2025.pdf. The No Tax Breaks for Outsourcing Act would also apply the US minimum tax on foreign income country by country.

[78] See note 24.

[79] With full expensing, the government in effect becomes a silent partner. It shares 21% of the upfront cost (at a 21% rate) and then takes 21% of the returns, so the normal return on the investment is taxed at zero. However, if the investment is debt-financed and the interest is also deductible, the company gets relief twice for the same cost of capital: once through expensing and again through the interest deduction. The surplus deduction shelters other income, which pushes the effective marginal tax rate below zero.

