

Alok Sharma, MP for Reading West

9th October 2018

Dear Constituents,

Thank you for contacting me about corporations paying tax.

I understand your concerns and completely agree that digital companies must contribute fairly to funding our vital public services, although as I am sure you will appreciate, I cannot comment on an individual company's tax liabilities.

The way in which businesses work is changing, which is why I am encouraged that the Government is reviewing the taxation of digital companies, to make sure all businesses pay their fair share. The UK Government is leading international efforts to reform the international rules around where profit is made and where it should be taxed.

Pending this global reform the Government is exploring potential interim measures, such as a tax on the revenue of certain digital businesses. This would be targeted at businesses which derive significant value from users, such as social media platforms and search engines. The Chancellor has been clear that if our country cannot reach an international agreement over taxation, we will go it alone with a Digital Services Tax of our own.

Additionally, this country has led the way through tough new rules to crack down on multinationals shifting their profits to lower tax jurisdictions. Around £8 billion has been returned by cracking down on large multinational enterprises that are avoiding paying the right amount of tax in the UK. The Diverted Profits Tax has been introduced at a rate of 25 per cent on multinationals that artificially divert profits out of the UK.

I appreciate there is more work to be done, but our country has made great strides towards ensuring businesses pay their fair share and will continue to lead international efforts to reform the international rules.

Thank you again for taking the time to contact me.

Yours sincerely,



Alok Sharma MP