

1st February 2016

Dear Constituents,

Thank you for contacting me about Google.

HMRC's corporation tax agreement with Google is an important step forward to address legitimate public anger that larger corporations were not paying fair amounts of tax under the last Labour Government. Since the period covered by Google's settlement with HMRC, this Government has led the world by introducing a diverted profits tax to stop multinationals using contrived arrangements to shift profits outside of the UK. The Coalition and now Conservative Governments have also made more than 40 changes to tax law to close loopholes not plugged by the previous Labour administration and also introduced a new general anti-abuse rule to deter abusive tax avoidance.

Internationally, the UK has been at the forefront of multilateral action through the G20 and OECD Base Erosion and Profit Shifting project, which addresses the issue of tax avoidance by large corporations through allowing for the modernisation of international tax rules. The project helps ensure that profits are taxed where economic activities are performed. Country-by-country reporting, a key element of the project, requires multinational enterprises to provide annual information about their income and taxes for each jurisdiction in which they operate.

The Government is committed to tackling aggressive tax avoidance and evasion at all levels to ensure everyone pays the right tax at the right time. Avoidance and evasion damage the effectiveness of the tax system and impose additional costs on all taxpayers. Thanks to the changes this Government has made, big multinational corporations know they cannot carry on as they have done in the past and must expect to pay more tax.

Thank you again for taking the time to contact me.

Yours sincerely,



Alok Sharma MP