The Taxcast, January 2026: Tax As An Investment

Naomi Fowler: Hello and welcome to the Taxcast from the Tax Justice Network, a monthly podcast about corruption, tax abuse, financial secrecy, and how we fix it. I'm Naomi Fowler. Coming up later, a new model for companies to measure the benefits to their businesses of paying decent levels of taxes.

Professor Chris Harrop: My message to businesses and to companies is really quite straightforward. Tax is one of the smartest investments you can make.

Naomi Fowler: I'll speak with Professor Chris Harrop who's helping businesses put some numbers onto how the pounds, euros, dollars or whatever currency in tax they contribute are not only good for them, but good for the economies they're operating in too. Before that, I'm gonna catch up with Zorka Millin of the Financial Accountability and Corporate Transparency Coalition.

So Zorka, it's great to have you back on the Taxcast. We've had some news in the United States on the Corporate Transparency Act. What the act was doing was just trying to implement a very simple idea that people who form companies in the United States should provide very basic information to the authorities identifying who they are, considering the United States is the world's biggest financial secrecy offender. There's been some *crazy* legal efforts by what look like anti-tax groups and people really, using lower courts in different states to try and stop this implementation of a beneficial ownership register. We've been covering this on the Taxcast, you can catch up on that, particularly in episode 151, I'll put the link in the show notes. So Zorka, some goodish news?

Zorka Milin: Yes, yes, it's always great to have some good news for a change. Right before Christmas, we got a nice holiday gift from a federal appellate court in the southern part of the US, this is like the 11th circuit. And the case was the very first legal challenge that was filed against the Corporate Transparency Act, which is the US Federal law that provides for beneficial ownership transparency so essentially for companies to come clean about who really owns them. And this matters for tackling money laundering and also for tackling tax evasion and all kinds of financial crimes. So it's a very, very important federal law.

We had some groups argue that, they made several different arguments as to why the statute was unconstitutional and the argument that carried the day and convinced a lower court judge that this was the case, was an issue of basically federalism that Congress didn't have the authority do this, it should have been left to the states, etc. And without going into the legal weeds, you know, there was, there was quite a strong counterpoint from a number of experts and advocates that was expressed in legal briefs and filings with the appellate court, you know, kind of explaining how these issues are problems that transcend not only state borders, you know, subnationally in the United States, but they also transcend international borders because these are global issues and global problems, and therefore exactly the kind of thing that the federal government needs to address.

So the appellate court agreed with this and reversed the lower court decision and, um, it's a significant legal victory for the Corporate Transparency Act, given this kind of rollercoaster drama that we've had here that we have talked about previously, particularly because this is the highest level court that has considered this issue. And while it's possible in theory that the plaintiffs who want to strike down the Corporate Transparency Act will take this case to the Supreme Court I would be surprised if the Supreme Court accepts it because it's a pretty kind of open and shut issue. So it does vindicate and validate the Corporate Transparency Act and it’s really important in that regard.

I should also note though that this is not the only such case. Unfortunately the legal victory at the lower court in Alabama did encourage around a dozen other cases that popped up in different federal courts in different parts of the country, which were still kind of, you know, percolating and hopefully those judges will look at this decision and uphold the law as well.

Naomi Fowler: Okay. Yeah, it seems a bit like whack-a-mole, but in theory this is the final ruling. So it's not unconstitutional to ask people setting up companies to say who they are. Uh, tell me what this means for who now has to provide this very basic identifying information and who doesn't. I think it's gonna be a pretty small register, isn't it?!

Zorka Milin: Yes, yes. So in terms of the practical consequences of this legal decision, they're actually pretty limited. And that's because the US Treasury rolled back the implementation of the Corporation Transparency Act last year, in such a way that it basically, you know, really only limits it to foreign owners of foreign companies that register to do business in the US, which is the tiniest sliver, and not at all the heart of the problem that we have here in the US with how anonymous shell companies have been used to launder dirty money and evade taxes and so that decision is still on the books and right now, the reporting that we expect to see is extremely limited. This court decision unfortunately doesn't have direct bearing on that, but we certainly hope that as the US Treasury is finalizing this policy, that they will take a broader look and really consider the stakes here and, you know, what will be lost with this deregulation that, that they're, that they're pursuing.

The the rules don't apply to US beneficial owners and even more worryingly, they don't apply to *any* beneficial owner so long as the company is US is a US LLC or another, you know, another kind of reporting entity so it really opens up up these floodgates of dirty money and financial crime into the US because anybody from anywhere in the world can set up a US entity and there's nothing they that the US will require of them in terms of who is really behind that company.

Naomi Fowler: Yeah. At least now we have this kind of higher court ruling, which should be final, as I say. The hope is that there will be some space now for lawmakers to reconsider all the watering down they did previously?

Zorka Milin: Yes, yes it was an instance of, I think, a very misguided application of 'America First,' if you will but in fact what America is going to be first in is as a safe haven for dirty money. And that's nothing to be proud of.

Because we now have this federal court decision that kind of validates the statute, we hope that the policy makers will reconsider the proposal they had last year and, they will broaden the scope so that it is more in line with what the policy was actually meant to do, which is stop the flow of dirty money through US companies.

Naomi Fowler: Yeah. To be continued. Baby steps.

Zorka Milin: Yes, exactly. Step by step.

Naomi Fowler: I I wanna ask you about something that's just happened, which is that OECD member states have exempted US multinationals from the global minimum corporate tax. So OECD member countries, including EU countries, and the UK basically just bent the knee to Donald Trump and gave up their sovereign rights to tax US businesses operating within their own borders. Why do you think they did that?

Zorka Milin: Um…they felt a lot of pressure, I think is the short answer. Um, they were, they were bullied in a way, you know, we saw threats from the US administration, US Treasury, as well as Congress that there would be extraordinarily high taxes imposed on companies from jurisdictions that dare to apply the OECD, you know, pillar two regime on US companies.

Naomi Fowler: Pillar two, that's the global minimum corporate income tax rate of 15% for multinationals with revenues over 750 million euros. What were they thinking, these OECD members?

Zorka Milin: I, you know, it's…I can't put myself in the shoes of European policy makers, but I think recent events show that this was a mistake and if these discussions were taking place just a couple of weeks later, I very much doubt that this agreement would've turned out the way it did.

Naomi Fowler: Yeah, yeah. You're talking about Greenland and the US's new tariff threats against countries resisting what Trump calls the complete and total purchase of Greenland.

Zorka Milin: Exactly. And I think even just like if we zoom out beyond the this, you know, small world of international tax policy and looking at these geopolitical issues, as you mentioned, experience shows that countries that stand up to threats from the US president, from the US regime, they actually do okay and that's been the case with China, with Brazil, even you could say with Russia. And you know, that is something that this government in the US actually respects and they back down. Whereas countries like EU member states that try to appease and make concessions and compromise with the US government, that's perceived as weakness and is not respected and is followed with more and more escalation of threats whether it's in the tax space, in the trade space, or even in the space of, you know, security with what's happening at Greenland. So, I do think that the response from Europe on this specific tax point, and you know, previously on trade negotiations was the wrong call.

Naomi Fowler: Yeah. And giving up your tax rights as a nation really matters because US multinationals are responsible for just under a third of all countries' losses to corporate tax abuse. And what's worse is the OECD hasn't released any figures on what that decision is costing countries in terms of lost tax revenue. Every OECD member state who agreed to exempt US companies from the global minimum corporate tax all the other companies are supposed to pay should really just go and tell their people how much tax revenue the US just bullied them into giving up, I mean, what do you think the consequences are for these countries abandoning their tax sovereignty like this and for the United States itself claiming that they're recovering their tax sovereignty?

Zorka Milin: Yes. Um, I mean, this term tax sovereignty is being bandied about, it means different things to different people. You know, here in the US the Republicans, what they have in mind when they say tax sovereignty is a very kind of narrow and misguided view, you know, that the US and *only the US* gets to decide how its companies are taxed in the US or anywhere else.

So it's quite pretty hegemonic, you know, tax sovereignty only for the US and they don't even mean for the US in a sense of public interest in maximizing revenue for the US. Really, actually, when you unpack it, what they mean is, what's hiding behind that phrase tax sovereignty is a championing of the interests of big American corporations, which have been the drivers of global corporate tax avoidance and really the impetus for all of these international tax discussions that have been happening at the OECD and now at the UN, and so it's really the sovereignty, not of the US government, but of these big American corporate interests.

The unfortunate thing here is that countries that, that give in to these proposals from the OECD are kind of implicitly endorsing that concept of sovereignty, that prioritizes the interests of big American corporations in continuing to not pay enough tax where they should.

But I do also think,, as we talk about tax sovereignty, it's also important to balance that, what we really need in order to solve this fundamentally global problem, you know, I think it's a good analogy to think about in terms of the climate crisis. Every country can do what it can, but it's a global challenge, it requires multilateral cooperation. So even as we try to redefine tax sovereignty in a more positive light and to reclaim that term, we also need to recognize that, you know, countries do need to cooperate and sometimes also compromise and hopefully in a more constructive and sensible way than what we've seen at the OECD.

Naomi Fowler: Yeah, yeah. Collaboration is king. Never been more important for nations to for nations to stand together now and resist and protect themselves. That's not gonna happen at the OECD obviously, as, uh, this shows.

Zorka Milin: Yes. When the news, um, was announced a couple of weeks ago, I was at a corporate tax lawyer conference here in Washington and there was this huge conference room full of corporate lawyers and they were applauding the news, you know, so there is, a sense of relief and celebration because they can just kind of keep doing what they're doing and they don't have to worry about these pesky global rules. So it's great news for them.

But in terms of US public revenues, you know, the US had an opportunity to improve its own tax rules. Last year there was a big tax policy debate here in Washington in Congress as they were considering some expiring tax provisions.

And they could have really improved and tightened the rules that we have. They didn't do that. Instead they changed some things around the edges. On the whole, it was a massive, yet another massive corporate tax cut and, you know, the official revenue figures are that that will cost the US budget around $170 billion over 10 years, so that's just from that legislation. Instead, there could have been an opportunity to bring the US closer in line with the global standards, and that would've raised significant revenue. So, yes. Big corporations are big winners and other than that, I think everyone else loses out.

Naomi Fowler: All eyes are on the next stage of tax convention negotiations at the United Nations. Those are kicking off early February, 2026. Thank you Zorka, that's Zorka Milin of the Fact Coalition. Always great to have her on the Taxcast.

Now, we often talk about the benefits of tax contributions in terms of social benefits, better services for people stronger, more accountable democracies, that kind of thing. Professor Chris Harrop has developed thinking on how a pound or a dollar in tax paid by the private sector helps economies and he's helping businesses to see tax as an investment in their business. And not a cost. Chris is Professor of Sustainable Business at the Huddersfield University Business School in the UK. He's also a non-executive director with our friends at the Fair Tax Foundation, and he's one of the founding partners of the Human Centre.

Nearly all the time, people representing companies talk about tax as a cost and a burden, I think the expression tax burden is *really* unhelpful. In *your* work, you talk about the tax companies contribute as way beyond social responsibility and reputational benefits, but as an actual investment in the economy and the business itself.

Professor Chris Harrop: Absolutely. So for decades, businesses have framed tax as a drag on competitiveness, something that holds them back. It's a burden, it's something to be minimized or at worst avoided. But when you step back and look at exactly what tax does, the picture changes and it changes entirely. So tax isn't simply money leaving the business and being prevented from being distributed to shareholders, it's an investment in the system that allows that business to exist and thrive in the first place. So every pound of corporation tax or employer's national insurance or business rates, whatever the other taxes are, that money goes into maintaining the rule of law, infrastructure, education, healthcare, digital networks, enforcement, the police, all the things that make a modern economy possible and allow our businesses to exist and thrive.

The mistake many companies make is to then view that tax in isolation. If you take a systems view, tax then becomes part of, let's call it a value creation loop. So businesses pay tax, that tax strengthens the economy, a stronger economy increases demand, improves stability, it improves productivity, and therefore businesses benefit.

In other words, we should think about tax as a membership fee for participating in a functioning economy. And it's probably one of the most efficient ways for companies to support societal resilience. So it's not philanthropy, it's not CSR, uh, it's not a burden. It's a fundamental contribution that every responsible business makes. And by reframing it away from being a burden to an investment with measurable returns, if we do that, businesses value it more, and then the behaviours improve and it aligns business behaviour with long-term competitiveness. It gives us a move from kind of short-term optimization or minimizing of costs to an investment in our society and our businesses sustainability.

Naomi Fowler: An investment with measurable returns, that's definitely speaking their language. So you say the tax contributions a company makes are like a catalyst for positive economic and social transformation because of the economic multiplier effect or financial multipliers. Can you explain what those are?

Professor Chris Harrop: Yeah. The fundamental argument that businesses need to stop viewing tax as a cost and a burden, but as an investment is built upon the concept of using a financial multipliers, they're the multipliers that are being calculated and used by governments and treasuries, the OBR, the European Parliament, the IMF, the World Bank for a long time, and those multipliers measure what happens after a pound or a dollar of tax enters the economy. And it identifies, if we stay with the pound, it identifies how that pound circulates around the economy, how it creates jobs, how it funds services, and how it stimulates further activity. So for example, in the UK, if you weigh each spending category by the government in terms of its share of budget, the UK has a fiscal multiplier of about 1.18, or fundamentally for every pound of tax spent by government, it generates about one pound twenty of economic output.

That grounding for the fiscal multipliers is very strong in all of those organizations and the academic research from around the world. But we need to think a little bit further than just that fiscal multiplier. There are social value multipliers as well, and in the UK organizations like the Housing Associations Charitable Trust and their Social Value Bank and the Social Value Portal, I've got a range of multipliers, say something around 1.7. So essentially, a pound invested in public services using their models would generate about one pound 70 in social value through improved health, through employment, through community safety, wellbeing. So when a company pays tax, that money doesn't just disappear into a black hole. It creates additional value. That value is through employment in public services, procurement spending on, uh, national and local supply chains infrastructure, it helps increase household income, it improves productivity and life chances, so it's a fiscal, financial multiplier and a social value multiplier.

So tax actually is transformative. It doesn't just fund existing structures, it amplifies the economic and social outcomes far beyond what a company pays in its base corporation tax. It is also really important to remember these multipliers aren't abstract theories. They're well established, they've been used by economists, governments, regulators, all around the world for years. It's just that we've not made the link between those financial multipliers to what businesses contribute.

Naomi Fowler: Right. And there are lots of multipliers that can be used to assess this stuff. Can you explain how a company can estimate how its tax contributions help generate GDP growth, support jobs and finance essential services? This is applying your tax funded impact model.

Professor Chris Harrop: Yeah. This is really new. I developed the model only about six or seven weeks ago. It's built upon really strong empirical evidence, it's, it's not made up numbers. They are there, they are published, they are transparent, so companies using that in the country where they pay tax can show tax funded impact in every country they pay corporation tax.

My model that I've created, the tax funded impact model, is designed to help businesses quantify conservatively, transparently, to allow them to value the impact of their tax contribution so that they're not only able to be a responsible business, they're able to show that that responsibility goes right the way through into society into all the other economic impacts.

So building upon the OBR and the Treasury fiscal multipliers, a company is able to say that based on the amount of corporation tax they pay, there is an economic value. So if you are using this current number that I talked about, the the 1.18 or one pound twenty, if an organization pays 10 million pounds in corporation tax, that is delivering 12 million pounds-worth of additional GDP.

And that's a really big, valuable impact of that company paying its correct and fair share of corporation tax.

And then moving on to those social value multipliers, that 10 million pounds-worth of corporation tax will turn into 17 million pounds worth of social value, further emphasizing how that company is playing a responsible and active part in society. *And* building that society that will help them thrive and be sustainable as a business going forward. So job creation, productivity, reduced inequality, improved workforce participation, regional redevelopment and regeneration, becomes a very powerful statement for a company. So my message to businesses and to responsible companies is really quite straightforward. If you want a stable economy, if you want skilled workers, if you want dependable supply chains, if you want trusting customers, then tax is one of the smartest investments you can make.

And the evidence from the OBR, the World Bank, etc etc, is pretty overwhelming: tax contributions produce far more value than they cost. So when companies embrace that transparency, they are rewarded through greater levels of customer trust and therefore greater competitive advantage.

So the tax funded impact model gives business a clear, honest, evidence-based way to show what they're contributing. Paying your fair share isn't just the right thing to do morally, it's actually the strategic thing that a business should be doing.

Naomi Fowler: There you have it. I hope CEOs everywhere are paying attention. Tax contributions are good for companies, good for economies, and good for societies. And Professor Chris Harrop has a model they can apply to demonstrate that. There's a link in the show notes if you wanna find out more.

And finally a fairly positive bit of news. Towards the end of 2025, the British government strengthened its reward scheme for whistleblowers reporting tax fraud. Once they blow the whistle, they do risk losing their livelihoods, we've seen it many times. The UK Tax Authority, HMRC's previous reward scheme was a weak one with very uncertain outcomes for potential whistleblowers. Here's lawyer, Mary Inman from Whistleblower Partners. Partners,

Mary Inman: This scheme had no set formula for what a whistleblower could be paid, and eligibility criteria were not transparent. Awards under this program were generally small and not well publicized.

Naomi Fowler: She says the UK's new strengthened reward scheme is not perfect, but it's an improvement and it's modelled on the US's Internal Revenue Service or IRS whistleblower program for serious tax avoidance and evasion.

Mary Inman: Although the decision whether to pay is still discretionary and rewards are not guaranteed, HMRC published a webpage establishing tight parameters for its discretion and providing more certainty and guidance for prospective whistleblowers.

Naomi Fowler: To qualify for a reward, the whistleblowing must lead to the collection of at least 1.5 million pounds in tax and tax cheating on *that* kind of scale will be by big companies, very wealthy individuals, often using offshore schemes. So if I was them, I'd be feeling a little less sure of myself.

Mary Inman: Eligible whistleblowers can receive between 15 and 30% of the tax collected. To be considered for a reward whistleblowers cannot report anonymously but must provide their contact details as part of their report.

Naomi Fowler: HMRC promises to treat a whistleblower's contact information confidentially. According to Mary, the whistleblower reward program in the United States has been a game changer.

Mary Inman: The numbers tell the story. Since its launch in 2007, the IRS Whistleblower Program has collected more than 7.5 billion in proceeds from non-compliant taxpayers and has paid over 1.3 billion in rewards to whistleblowers for their information, helping to supercharge IRS's enforcement efforts.

Naomi Fowler: You've been listening to the Taxcast. That's it for this month. Thanks for listening. I'll be back soon. Bye for now.