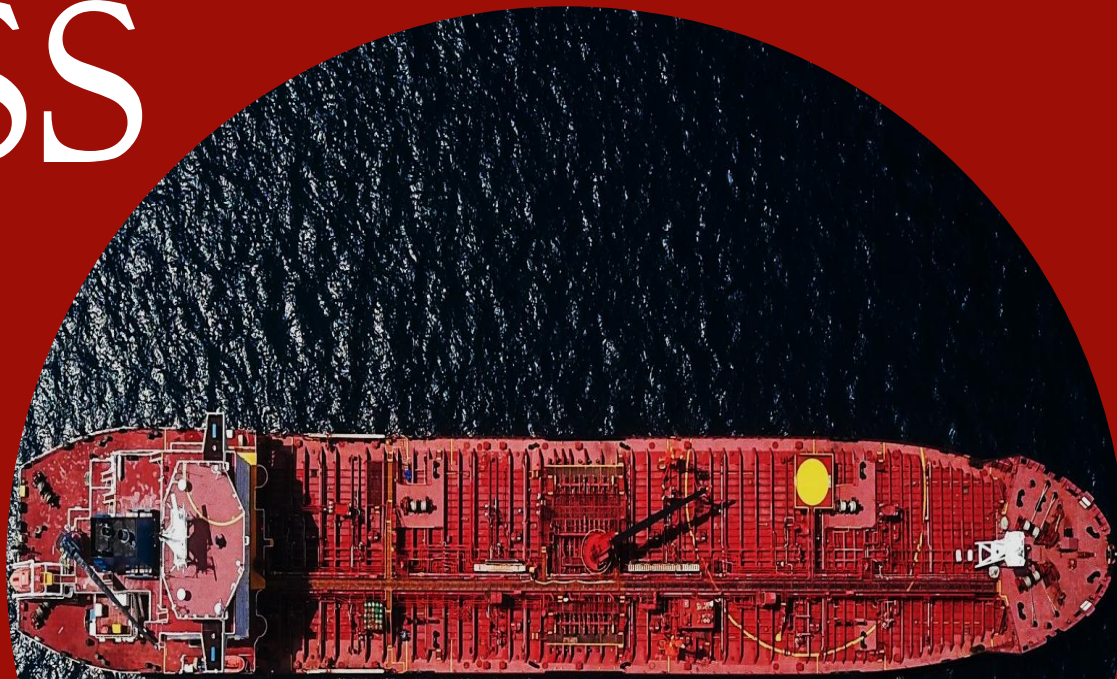


# PRIVATE JUSTICE PUBLIC LOSS



HOW A UK OIL TRADING GIANT BOOKS PROFITS IN SWITZERLAND – AND WHY ITS £1.5 BILLION TAX BILL HAS REMAINED UNSETTLED FOR 15 YEARS

MAY 2026

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## ABOUT TAXWATCH

TaxWatch is an investigative think-tank dedicated to compliance and sound administration of the law in the field of taxation. Established in 2018, we publish in-depth investigations looking at how the tax system is working on the ground. We believe that better public understanding of tax issues encourages higher standards of tax conduct. Our staff and advisors include journalists, financial investigators, lawyers and tax professionals.

[www.taxwatchuk.org](http://www.taxwatchuk.org)

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# EXECUTIVE SUMMARY

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A UK company which forms part of one of the world's largest oil trading multinationals, and which handles much of its oil trading business, has since 2009 been paying four-fifths of its operating profits to a related company in the Swiss canton of Zug: dramatically reducing its UK tax liabilities.

HMRC first challenged these payments in 2011, and has claimed that they are in large part for services that are un evidenced and therefore value-less. Yet as TaxWatch has discovered, these payments - of tens of millions of pounds every year - have continued unmodified to the present day. This report asks: why has this multi-billion-pound tax avoidance dispute not been resolved? Why has it been subject to informal closed-door negotiations outside the courts for over six years - despite HMRC publicly insisting that the 'diverted profits tax' (DPT), which forms much of the tax at issue, is not eligible for such negotiations? And why, from May 2026, could the question of whether £1.5 billion of UK tax is due be decided by an unnamed panel of foreign arbitrators: whose deliberations remain entirely secret; whose rulings the taxpayer can insist are never disclosed; and who can impose an all-or-nothing decision in which HMRC risks losing its entire claim?

HMRC insists that the era of aggressive tax avoidance by multinationals is largely over. This justifies its 'cooperative compliance' approach to big businesses. Litigation is rare and activities to "*promote compliance and prevent non-compliance before it occurs*" are prioritised. Though many large companies may have changed their tax behaviour, this report raises the question of whether the emphasis on cooperative compliance has 'defanged' HMRC when dealing with those which choose not to cooperate. HMRC has never used special measures and strict liability penalties introduced a decade ago for large corporates that it judges persistently engage in aggressive or speculative tax planning. Meanwhile, the UK government is deliberately making it easier for multinationals to obtain

unaccountable and entirely secret international tax settlements covering hundreds of millions of pounds of tax.

This report provides the first detailed account of what is likely the UK's largest 'diverted profits' tax case, and possibly one of the UK's largest tax disputes overall. It is based on court records, financial accounts, and information provided by the company itself, Glencore Plc. During 2025 alone, the tax at stake in this case has increased by US\$826 million (£620 million), and now stands at over US\$2 billion (£1.5 billion) in total. Glencore refutes HMRC's characterisation of its Swiss transactions, and rejects what it calls HMRC's "*hastily-estimated*" tax charge.

Though HMRC continues to pursue the additional tax it assesses is due, the case shows how UK government policy and legal changes since 2017 have explicitly encouraged large businesses to access "*less formal*", closed-door international tax negotiation processes that take priority over UK courts. In this case, such processes have delayed the resolution of a multi-billion-pound UK tax assessment for over six years and counting.

**This year's unprecedented energy supply shock puts the potential cost of this frozen dispute into context. Our report confirms for the first time that the payments which began in 2009, and which HMRC claims artificially shift Glencore's oil trading profits from the UK to Switzerland, are continuing unmodified to the present day.**

**Though there is risk as well as reward in volatile energy markets, some major oil and gas traders are expected to make multi-billion-pound windfall profits this year by trading on the volatility precipitated by the closure of the Strait of Hormuz. Glencore is one of the world's top four oil traders by volume. In the previous 2022 energy crisis it increased its profits from energy trading by over 70 percent.**

**Unless HMRC's fifteen-year tax dispute with Glencore is resolved in HMRC's favour during 2026, profits that Glencore's London-based oil traders may make during the current war in the Gulf will continue to be transferred to Zug.**

This report details how:

- The UK oil trading unit of commodities multinational Glencore Plc buys and sells tens of billions of dollars of oil and gas every year. A UK subsidiary company that handles much of this business, Glencore Energy UK Ltd, has

since 2009 booked nearly US\$1 trillion (£730 billion) of revenue in the UK, declared a pre-tax profit margin of less than 0.05%, and declared tax liabilities of just US\$76 million (£57 million).

- While there is no suggestion that Glencore has engaged in unlawful or fraudulent behaviour, the UK tax authority (HMRC) claims that since 2009 Glencore Energy UK Ltd has shifted 80 percent of its operating profits from the UK to Switzerland, through fees paid to another Swiss subsidiary for services and insurance. HMRC has claimed that the portion of the fees paid to Switzerland for 'non-routine services' – services other than storage and transport facilities actually provided and charged at market rates – were not simply overpriced, but should be valued at zero, and that in responding to HMRC's tax notice the company "*has not provided evidence of actual services provided, benefits received by [the UK company] and pricing*", but simply "*a one page appendix...which gave examples of services provided....No details were provided. No calculations were provided for the value of these services*".

(Glencore told TaxWatch that it has since provided HMRC "*with many hundreds of pages of explanation and documentation supporting the substantial contribution of [the Swiss subsidiary] to [the UK subsidiary's] ability to conduct its business*".)

- HMRC has made assessments of additional UK tax due to this alleged profit-shifting that in December 2025 reached US\$ 2.063 billion (£1.55 billion). The Diverted Profits Tax, introduced in 2015, has required Glencore to pay over £1 billion up-front, but Glencore continues to reject HMRC's assessment entirely, and to seek a full refund.
- In November 2017 the UK's Court of Appeal found that HMRC's decision to strike out the majority of the Swiss payments for tax purposes "*was clearly a rational one*", and that the UK tax courts should determine the dispute.
- In 2019 the case duly arrived in the UK's First-Tier Tax Tribunal. However, Glencore applied to the Swiss tax authority to pursue the case in a Mutual Agreement Procedure (MAP) with HMRC, under the terms of the UK-Swiss tax treaty. HMRC has publicly insisted that tax treaties do not cover the Diverted Profits Tax (DPT), and that MAPs therefore do not apply to DPT assessments. Nonetheless one part of HMRC, responsible for international

tax relations, initially wrote to Glencore that its case was “*most definitely within MAP*” and that it was in theory “*willing to discuss*” Glencore’s MAP request with the Swiss tax authority, though it wanted the UK court case to proceed first. Citing this letter, the UK court rejected HMRC’s objection to the suspension of the UK court case, allowing the case to move to informal closed-door negotiations between tax authorities. HMRC did not appeal this decision. *These UK-Swiss negotiations have now run on far beyond HMRC’s target of 24 months for resolving such cases.*

- It is UK policy to promote the ability of multinationals and other cross-border taxpayers to demand that if tax authorities do not reach agreement on MAP cases after a set time limit -- usually two or three years -- they should be decided instead not by courts but by a panel of arbitrators selected by both tax authorities, whose decision is binding on both countries. Such mandatory binding arbitration is promoted by the OECD, but remains controversial, and only 34 of the 110 signatories to the OECD’s 2015 Multilateral Convention on tax treaties have agreed to it, with others regarding it as an unacceptable loss of tax sovereignty. In 2021 – with the Glencore MAP already in progress - the UK and Swiss tax authorities signed an agreement detailing the rules for mandatory binding arbitration in MAP cases. This agreement allows the arbitrators – who are not judges or officials of either country – to set their own evidentiary and procedural rules; allows the taxpayer to veto the publication of the decision, unlike a court or tribunal; and in two of the three possible arbitration processes specified in the agreement, it mandates a ‘baseball’ (all or nothing) decision where arbitrators simply select one side’s position, and are specifically instructed not to provide any explanation of their decision.
- Glencore has told TaxWatch that its multi-billion-pound tax assessment will qualify for this secret, binding arbitration process from May 2026.

Despite the experience of the Glencore dispute, the government passed little-noticed UK legislation in March 2026 which is designed explicitly to ensure that multinational companies which HMRC assesses are diverting profits artificially to tax havens can insist on such closed-door international settlements in Diverted Profits Tax cases in future. The size of the tax at stake in such diverted profits cases has risen by over £1 billion since 2022, and in March 2025 (the latest available figures) stood at £3.5 billion.

# INTRODUCTION: MORE CARROTS, FEWER STICKS

1. HMRC's approach to ensuring that big companies pay their due taxes strongly prioritises cooperation over conflict, and negotiation over litigation.<sup>1</sup> Though it insists that its approach to taxpayer compliance is not affected by the taxpayer's size,<sup>2</sup> in practice HMRC treats large businesses in a highly individualised way. Each of the UK's largest 2000 corporate taxpayers is assigned an individual 'Customer Compliance Manager' who works with the company over the long term, and who stewards reviews and investigations. Even those large companies that HMRC judges to be at high risk of not complying with their tax obligations are dealt with through a bespoke, board-level programme, the High Risk Corporates Programme, intended to *"reduce risk for the future by influencing businesses to change their behaviour and their approach to tax planning"* and *"improve the relationship between HMRC and its large business customers."*<sup>3</sup> HMRC states that *"[t]he majority of tax disputes [with large businesses] are resolved following collaborative work with the business and by agreement."*<sup>4</sup>
2. HMRC's deployment of its armoury of tools to ensure large business tax compliance has likewise increasingly prioritised carrots over sticks. Even the ostensibly aggressive Diverted Profits Tax, introduced in 2015, which permits HMRC to levy a 25% (now 31%) up-front tax charge on *"contrived arrangements"*<sup>5</sup> to shift taxable profits out of the UK, has been tempered since 2019 with a 'Profit Diversion Compliance Facility' (PDCF), through which HMRC instead invites companies it suspects of diverting profits artificially – including those which may have made *"incorrect/misleading statements"* about tax-related transactions<sup>6</sup> - to change such transactions

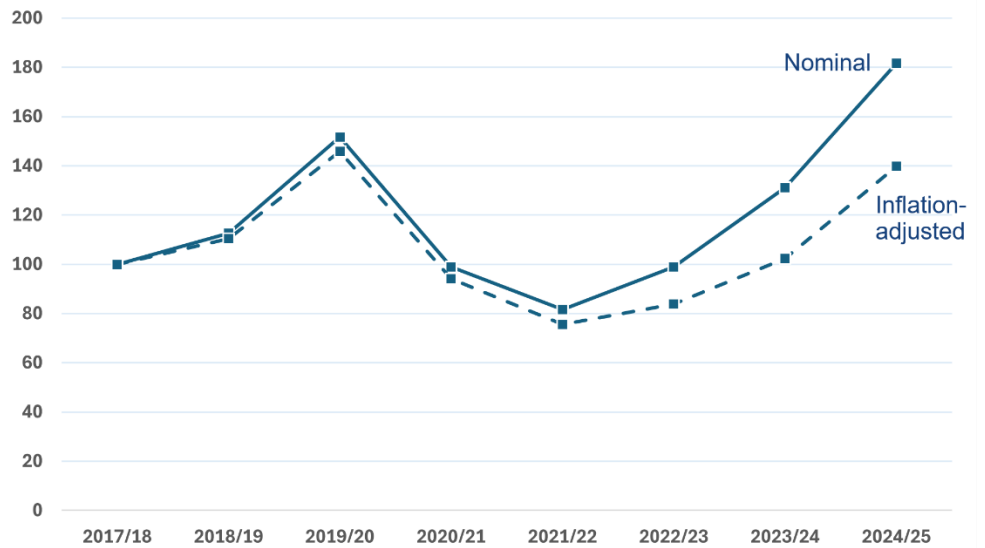
in return for avoiding a formal investigation.<sup>7</sup> HMRC denies that the PDCF softens the impact of its measures against profit-shifting, since businesses must still pay any tax, interest and penalties due.<sup>8</sup> Nonetheless it allows business that have shifted profits artificially to avoid paying the DPT itself, thereby removing the disincentive of the DPT's punitive additional tax rate.

3. Powers to penalise non-compliant or aggressively tax-avoiding large businesses likewise remain largely untouched. The Unco-operative Large Business Regime, introduced in 2016 in response to criticism from Parliament's Public Accounts Committee that penalties were rarely imposed on large corporate taxpayers,<sup>9</sup> allows HMRC to publish the names of large businesses it finds are hindering HMRC enquiries or engaging in aggressive tax planning, and to impose strict liability penalties if documents they provide contain inaccuracies.<sup>10</sup> When they were introduced, HMRC said that these new powers filled "*a gap in the armoury*."<sup>11</sup> Yet in March 2026 HMRC confirmed to TaxWatch that a decade later it has never used them.<sup>12</sup> HMRC's published manuals and guidance contain no reference to the regime. HMRC insists the regime remains an option for intransigent large corporates with aggressive tax positions, and after being contacted by TaxWatch about the absence of published guidance, HMRC said that there is internal guidance which it will publish later in 2026.<sup>13</sup>
4. Litigation of disputes with large businesses is similarly rare. Just 7% of large business cases closed in 2024-25 were litigated.<sup>14</sup> Criminal investigations into large business tax fraud are rarer still. Between 2019-20 and 2024-25, there were just five criminal prosecutions related to large businesses' tax non-compliance, with three convictions.<sup>15</sup> HMRC said publicly in March 2026 that "*there are a number of large businesses under civil or criminal investigation with HMRC's Fraud Investigation Service (FIS)*" in cases involving transfer pricing or diverted profits.<sup>16</sup> When asked by TaxWatch, however, HMRC was unable to say how many large businesses are currently subject to either civil or criminal investigations.<sup>17</sup>
5. HMRC's 'concierge' approach to the largest corporate taxpayers has a practical rationale. 39 percent of the UK's tax take (some £337 billion in 2024-25) is paid by or via the UK's largest 2000 businesses.<sup>18</sup> These corporate giants can generally marshal impressive legal firepower in tax disputes, making confrontation and litigation costly and lengthy for HMRC.

As an agency prioritising revenue maximisation, 'cooperative compliance' with large businesses is therefore understandable -- even if it rankles with smaller taxpayers who are not given such extensive opportunities to adjust before they are charged unpaid tax, interest and penalties; or to explain and negotiate afterwards.

6. In the past, however, journalists and campaigners accused HMRC of cutting 'sweetheart' deals with a series of large taxpayers, letting them off tax revenues via opaque negotiations in the interest of maintaining good relations. A 2011 review by retired judge Sir Andrew Park found the most controversial of these tax settlements to have been reasonable.<sup>19</sup> Nonetheless their secretive process, and divergence from HMRC's Litigation and Settlement Strategy, received public censure from the National Audit Office in 2012.<sup>20</sup> Parliament's Public Accounts Committee likewise criticised the opacity of these deals in 2011, and again in 2016 in relation to HMRC's £130 million transfer pricing settlement with Google.<sup>21</sup>
7. HMRC justifies its consensual approach to big businesses by its results. It recently garnered positive headlines from the National Audit Office's findings that compliance yield (unpaid taxes that were recovered or prevented by HMRC's efforts) from large business taxpayers has doubled since 2020-21.<sup>22</sup> HMRC told TaxWatch: *"The independent NAO has commended our work to get large businesses to pay what they owe. Our hands-on approach has doubled the amount of additional tax secured over the last three years, delivering an extra £15.8bn for public services in 2024/25. With major investment in new technology and thousands of additional compliance officers, the Government is ensuring HMRC has the tools it needs to continue to close the tax gap and collect the tax due."*<sup>23</sup>
8. This revenue achievement is significant, though longer-term trends set it in context (Figure 1): 2020-21 was a historically low year immediately following the pandemic, and in fact the large business directorate's record 2024-25 compliance yield has still not quite reached its 2019-20 peak when adjusted for inflation. (Both the 2019-20 and 2024-25 figures were buoyed by unusually large cases). Nonetheless the rising trend is clear, and the post-pandemic recovery of compliance yields show that HMRC's Large Business Directorate remains an efficient revenue-raising operation.

**Figure 1: HMRC's Large Business Directorate compliance yield, 2017/18 to 2024/25 (2017/18=100)**



Sources: HMRC annual report and accounts, various years; Bank of England inflation calculator

9. However, rising compliance yields cannot tell us whether the amounts of tax recovered are fair or accurate reflections of the tax due, or whether HMRC has sought to maximise the tax recovered. This is especially true in the post-pandemic period when corporate profits have themselves risen faster than inflation, and the rate of corporation tax has also increased.
10. To assure Parliament, the public and the National Audit Office that it is pursuing missing corporate tax assiduously, HMRC relies on showing its adherence to a set of rules for managing tax disputes, and a system of internal oversight on those rules that has developed significantly since 2011.

# WHAT HMRC SAYS IT DOES

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11. In principle HMRC's strategic choices when dealing with a taxpayer it believes is not paying its due taxes are set out in its Litigation and Settlement Strategy (LSS), which was recast in 2011 and last updated in 2017.<sup>24</sup> These changes were partly in reaction to the 'sweetheart' deal allegations of the early 2010s.<sup>25</sup>
12. The LSS – which covers all disputes with taxpayers, not just large businesses - sets out in high-level terms how HMRC should pick which tools in its armoury to use, and how to use them. It describes the spectrum of options: from resolution by agreement or Alternative Dispute Resolution (ADR), to civil litigation, and the possibility of recourse to criminal investigation if there are grounds to believe that evasion is involved. It prioritises non-confrontation and revenue maximisation.
13. But the criteria given to moving from one tool to another - and particularly between negotiated agreement and litigation – are quite general. ADR will be used “*in appropriate cases*”.<sup>26</sup> In determining which of a range of possible outcomes in a negotiated settlement HMRC will accept, HMRC “*will also take into account which outcome secures the right tax most efficiently*”,<sup>27</sup> and “*will have regard to future as well as immediate revenue flows, costs and the deterrent effect on customer non-compliance*”, as well as the effect on other related disputes.<sup>28</sup> The LSS also allows HMRC to take into account a range of considerations not directly related to the case, including the benefits of settling to release HMRC staff capacity to work on other disputes.<sup>29</sup>
14. Nonetheless the LSS does establish three key guardrails for when HMRC will not settle assessments of unpaid tax by agreement:
  - “*where there is a range of possible figures for tax due, HMRC will not settle by agreement for an amount which is less than it would*

*reasonably expect to obtain from litigation”;*<sup>30</sup>

- In ‘all or nothing’ cases, *“where HMRC believes that it is likely to succeed in litigation and that litigation would be both effective and efficient, it will not reach an out of court settlement for less than 100% of the tax, interest and penalties (where appropriate) at stake. It follows that, if the customer is unwilling to concede in such cases, HMRC will seek to resolve the dispute by litigation as quickly and efficiently as possible”;*<sup>31</sup>
- In ‘all or nothing’ cases, *“[w]here HMRC believes that it is unlikely to succeed in litigation it will, in the majority of cases, concede the issue. In such cases, HMRC will not attempt to ‘split the difference’ between its own and the customer’s view of tax, interest and penalties (where appropriate) at stake.”*<sup>32</sup>

15. Taxpayer confidentiality means that HMRC can almost never disclose how it has dealt with specific disputes, and prove whether it is following the LSS guardrails. This report provides an unusual - if partial - window into what is likely the UK’s largest ongoing dispute over profits allegedly diverted by a large business, and possibly one of the UK’s largest tax disputes overall.

16. We can see into this case thanks to an attempt by the company in question - the UK-listed energy and mining multinational Glencore - to sidestep the standard mechanisms set out in law for resolving HMRC’s assessments of unpaid tax via settlement or court, and instead to have HMRC’s assessments dismissed as irrational via judicial review. Glencore’s attempt failed. Case documents and judgements in the High Court and Court of Appeal, as well as the subsequent stay of proceedings granted by the First-Tier Tribunal (Tax) in 2019, detail some of the transactions and arrangements that HMRC has challenged. Other information has also been disclosed in Glencore’s consolidated financial accounts, and those of its UK subsidiaries. Glencore itself has provided TaxWatch with some further details.

17. The sparse public commentary on the High Court case in 2017 focused on the wider legal implications of the High Court’s decision for the limits of judicial review.<sup>33</sup> What the case shows about the underlying transactions and arrangements, and HMRC’s approach to the dispute, has not received the same public attention. Nor has the fact that the case has

continued to expand dramatically since 2017, when the tax and interest under consideration was just £21 million. The latest assessment for an additional £150 million of diverted profits tax was issued by HMRC in early 2025;<sup>34</sup> and by 31 December 2025 the tax under consideration had reached over US\$2.063 billion (£1.55 billion), an increase of US\$826 million (£620 million) during 2025 alone. According to Glencore, this tax bill comprises around US\$1.5 billion (£1.12 billion) of Diverted Profits Tax, with Corporation Tax making up the remainder. The US\$2.063 billion covers additional tax and interest due on what HMRC alleges are 14 years of unallowable tax deductions from 2007 to 2022 involving Glencore's UK-based oil trading unit Glencore Energy UK Ltd (GENUK), and its indirect Swiss parent company Glencore International AG (GIAG), as well as tax that HMRC claims is due on a portion of GIAG's profits from having an alleged taxable presence in the UK during 2008.<sup>35</sup>

18. Strikingly, the revenue at stake in HMRC's fifteen-year dispute with GENUK is over five times larger than the record-breaking £280m fine levied against GENUK for bribes paid during the same period to individuals in five African countries for preferential access to oil - the largest ever UK legal penalty for a company.<sup>36</sup> Yet while GENUK's bribery conviction has received extensive media coverage, the multi-billion pound tax avoidance that HMRC alleges GENUK has undertaken has received almost no detailed public attention. (Glencore said that "*There is no connection whatsoever between this [bribery conviction] and GENUK's tax affairs.*")<sup>37</sup>

# THE DISPUTE

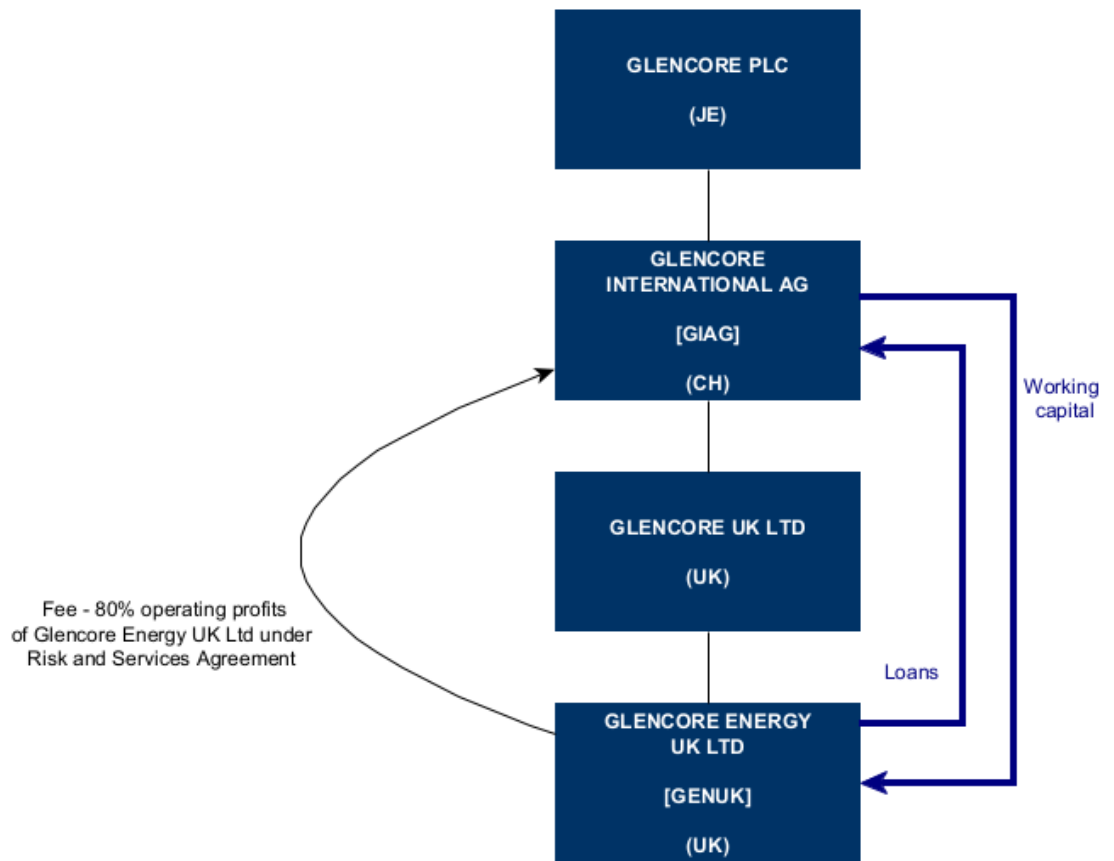
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19. At the heart of HMRC's disputed tax assessment of Glencore is a relatively simple transaction (Figure 2), with obvious tax effects:

- GENUK, a UK subsidiary of Glencore Plc, buys and sells oil and gas worth some US\$40 to US\$90 billion (£38-50 billion) every year.<sup>38</sup> (Two other UK-resident Glencore subsidiaries – Glencore UK Ltd and Glencore Commodities Ltd – also form part of Glencore's oil trading unit).<sup>39</sup> Between 2009 (when the transactions disputed by HMRC began) and 2024, GENUK has booked nearly US\$1 trillion (£730 billion) of revenue in the UK, declared a net pre-tax profit of less than 0.05%, and declared tax liabilities of just US\$76 million (£57 million).<sup>40</sup>
- This low tax liability is due primarily to very thin operating profit and pre-tax profit margins (Figure 3). HMRC argues that these thin profit margins are in part due to an intra-group 'Risk and Services Agreement' (RSA) since December 2013 under which GENUK pays 80 percent of its operating profit to Glencore International AG (GIAG), another Glencore subsidiary which is registered and resident in the Swiss canton of Zug.<sup>41</sup> GIAG is also the indirect parent of GENUK.
- In return for this large service fee from GENUK, the intra-group agreement states that GIAG will provide GENUK with working capital; insure GENUK against losses; provide GENUK with priority access to fuel offices, storage and transportation operated by GIAG and other GIAG subsidiaries; and provide advice on trade and financing matters.<sup>42</sup>
- Glencore has told TaxWatch that this agreement was preceded between 2009 and 2013 by "an essentially similar set of arrangements contractually structured as a total return swap" (i.e. a derivatives contract), which HMRC has also challenged as having a tax avoidance purpose making its costs 'unallowable' as a deduction against tax.<sup>43</sup>

20. GENUK's taxable profits were subject to UK corporation tax of between 19 and 28 percent during the years covered by the tax dispute. The service fee and preceding derivatives contract reduces taxable profits in the UK, and increases the taxable profits of GIAG in Switzerland, whose profits were taxed at a lower rate of around 11 percent (according to HMRC, and initially agreed by GENUK),<sup>44</sup> taking Swiss federal, cantonal and communal tax rates into account.<sup>45</sup> The arrangement, HMRC argues, has generated a huge tax loss for the UK exchequer, and an overall tax saving for Glencore as a group.

**Figure 2: Glencore RSA transaction**

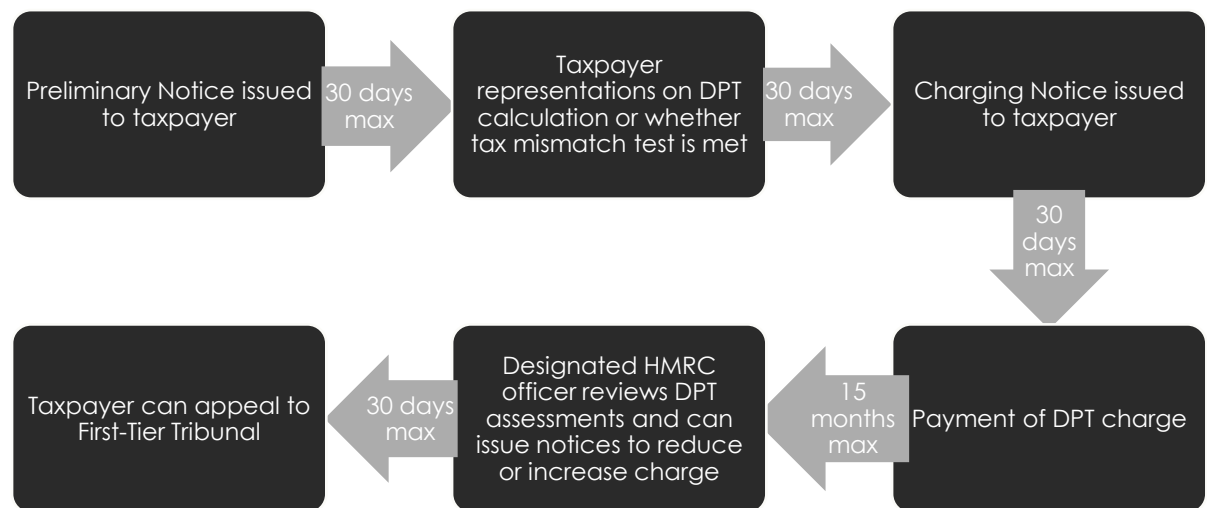


Sources: Glencore Energy UK Ltd filings at UK Companies House; judgement in [2017] EWHC 1476 (Admin); judgement in [2017] EWCA Civ 1716

# A NEW TOOL IN THE ARMOURY

21. HMRC first began questioning the transactions between GENUK and GIAG around 2011.<sup>46</sup> In 2015, HMRC acquired a new tool intended to stop precisely the kind of aggressive profit-shifting it alleged was taking place here: the Diverted Profits Tax (DPT). The DPT is essentially a 'fine-as-tax'. It allows HMRC to levy a 25 percent tax charge (increased to 31 percent from April 2023) on large businesses' intra-group payments which lack economic substance, and are taxed elsewhere in the corporate group at less than 80 percent of the rate they would be taxed as profits in the UK.<sup>47</sup>
22. To incentivise large businesses to change their behaviour, the DPT charge must be paid upfront within 30 days of the assessment, prior to review and appeal - after which some or all of the tax may be refunded by HMRC if profit diversion is disproved.<sup>48</sup> The process is shown in Figure 3.

**Figure 3: Diverted Profits Tax procedure**



Sources: Finance Act 2015, Part 3; HMRC, *International Manual: INTM489500 - Diverted Profits Tax* (updated 12 February 2026)

23. Glencore was one of the first large companies to receive a DPT Charging Notice, on 3 November 2016.<sup>49</sup> The Notice initially covered only the nine-month period from 1 April 2015 (when the DPT legislation came into force) to 31 December 2015.<sup>50</sup> It required GENUK to pay £21.3 million up front, representing a 25% charge on the £84.5 million in profits that HMRC assessed GENUK had diverted to Switzerland, plus interest.<sup>51</sup>
24. Notably, HMRC claimed that the portion of the fees paid to Switzerland for 'non-routine services' – services other than storage and transport facilities actually provided by GIAG and charged at market rates – were not simply overpriced, but should be valued at zero.<sup>52</sup> HMRC noted that in the UK company's representations responding to HMRC's Preliminary DPT Notice, it "*has not provided evidence of actual services provided, benefits received by [the UK company] and pricing*".<sup>53</sup> In other words, HMRC did not believe that Glencore had furnished evidence that the non-routine services specified in the agreement, which Glencore claims were worth millions of pounds annually, were provided at all by GIAG to GENUK. The (tax-deductible) charges for them were therefore baseless, HMRC argued. After receiving HMRC's Preliminary Notice of a DPT charge (Figure 3), Glencore had provided (in the words of the Court of Appeal judge)

*a one page appendix...which gave "Examples of services provided by GIAG to GENUK". The appendix included very general statements regarding "the global presence" which GIAG's network of field offices around the world provide to GENUK; the "priority access" GIAG provides to GIAG's 100 tank farms and oil terminals worldwide and to sources of supply; and the "priority access" GENUK had to the tanker fleet of another related company, ST shipping. No details were provided. No calculations were provided for the value of these services in the relevant accounting period.*<sup>54</sup>

Glencore told TaxWatch that it has since provided HMRC "*with many hundreds of pages of explanation and documentation supporting the substantial contribution of [the Swiss subsidiary] to [the UK subsidiary's] ability to conduct its business.*"<sup>55</sup>

25. Rather than following the post-payment review/appeal processes set out in the DPT legislation (Figure 4), Glencore instead sought a novel legal

recourse: it applied to the High Court to have what it described to TaxWatch as HMRC's "seemingly hastily-estimated DPT charge" dismissed as irrational, via judicial review.<sup>56</sup>

26. The High Court and Court of Appeal did not rule on the diverted profits assessment itself. The complexity - and sometimes ambiguity - of transfer pricing should not be underestimated. There is no suggestion that Glencore was engaging in unlawful or fraudulent behaviour in these transactions. These courts' judgements do, however, show that HMRC made other stark statements about what it claimed where evidential inadequacies in Glencore's position. (Glencore told TaxWatch that "as a point of law, no 'evidentiary deficiencies' led the Court [of Appeal] to [its] conclusion").<sup>57</sup>
27. For example, the Court of Appeal judgement states that between receiving the DPT Preliminary Notice in April 2016 and receiving the Charging Notice in November 2016, Glencore changed its claims about how much GIAG's profits were taxed in Switzerland: a basic point of fact which was a key determinant as to whether DPT could be charged. Under the DPT legislation, if the tax rate of the recipient company was over 16 percent, DPT could not be charged.<sup>58</sup> In April 2016 Glencore had agreed with HMRC that GIAG's profits were taxed at around 11 percent.<sup>59</sup> In October 2016, by contrast, they claimed that GIAG's profits were in fact taxed at 16.92 percent.<sup>60</sup> Whatever the complexities of Swiss local and federal taxation, the actual rate at which GIAG's profits are taxed should be a straightforward matter of accounting fact, supportable by documentary evidence. Asked to provide evidence of GIAG's claimed 16.92% tax rate, Glencore only provided a letter written by GIAG itself to the Zug cantonal authorities, countersigned by the authorities, which "did not itself set out the 16.92% tax rate which GENUK said was the applicable rate, but just said that 'service fee income is fully subject to Cantonal and Communal taxes in the Canton of Zug'", according to the Court of Appeal.<sup>61</sup>
28. The High Court and Court of Appeal dismissed Glencore's request in November 2017. The Court of Appeal concluded that "the decision [by HMRC] to include a nil value for [these services] in the Charging Notice was clearly a rational one", and ruled that if HMRC and Glencore continued to disagree, the case should be heard in the UK's tax tribunals as usual.<sup>62</sup>

# GLENCORE DOUBLES DOWN

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29. Glencore has rejected HMRC's assessment entirely. In financial results published in February 2026, Glencore states that it *"continues to vigorously contest" the case, "supported by legal opinions....ultimately Glencore expects to receive significant sums back in respect of this matter."*<sup>63</sup> It told TaxWatch that the 20 percent of profits that remains with GENUK after the services fees payments to GIAG *"is commensurate with the standard performance fee charged by hedge fund managers undertaking similar activities in respect of the capital, assets and credit of hedge funds"*.<sup>64</sup> Glencore also rejects the view that its transactions are 'artificial' profit-shifting or diversion, characterising the dispute instead as a normal transfer pricing case.<sup>65</sup>
30. GENUK includes the totality of the DPT charges it has paid since 2015 as a receivable (i.e. a tax asset) in its accounts, indicating that it expects HMRC to fully refund them.<sup>66</sup> (Glencore's auditor, Deloitte, presumably accepts this assessment. The Financial Reporting Council (FRC) is currently investigating Deloitte's statutory audit of GENUK between 2013 and 2020, on the grounds that *"Glencore plc and Glencore Energy UK Limited have been subject to investigations by government agencies into misconduct. The FRC's investigation will include whether Deloitte LLP gave sufficient consideration to the risk of non-compliance with laws and regulations"*.<sup>67</sup> It is not evident that this investigation relates to the accounting for GENUK's tax case).
31. Glencore has also confirmed to TaxWatch that the 2013 contract and associated payments to Switzerland have continued without modification to the present day.<sup>68</sup> HMRC's latest Charging Notice, issued in early 2025,

charged £150m of DPT just for tax year 2020,<sup>69</sup> suggesting that HMRC may believe Glencore diverted up to £600m of UK profits to Switzerland in that year alone, nine years after HMRC initially challenged such payments.<sup>70</sup> With the increase of UK corporation tax from 19 to 25 percent since 2023, the tax differential, and therefore tax benefit, of booking profits in Switzerland rather than the UK has increased significantly.

32. HMRC has also doubled down. Starting in December 2018, HMRC has issued Glencore with combined assessments of DPT and corporation tax alleging underpaid UK tax over 14 years from 2008 to 2022. In addition to HMRC's claims that GENUK's payments to Switzerland under the 2013 'Risk and Services Agreement' are artificially diverting UK profits, and that the preceding 2009-13 swap contract was for the purposes of avoiding tax and thus not tax-deductible,<sup>71</sup> HMRC also claims that during 2008 Glencore's Swiss subsidiary GIAG was effectively conducting business in the UK, generating a taxable presence (permanent establishment) which means that some of its profits for 2008 should be taxed in the UK.<sup>72</sup> Glencore rejects this claim too.<sup>73</sup> As of December 2025, HMRC's assessments amount to tax and interest of US\$2.086 billion (£1.55 billion).<sup>74</sup>
33. HMRC's assessments represent impressive sums of revenue, and the DPT's up-front payment structure means that the public purse gains some of it immediately: around £1.1 billion so far.<sup>75</sup> However, paying DPT does not mean that the case is closed: Glencore continues to contest the assessments, and the government could face significant liabilities if a large DPT charge is subsequently reversed. HMRC's latest annual accounts note that at 31 March 2025, the tax authority's contingent liabilities included eight major cases<sup>76</sup> with potential repayments totalling £6 billion.<sup>77</sup> The £1.5 billion Glencore case must surely be one of the largest of these eight cases.

# PROLONGING THE DISPUTE, AVOIDING PUBLICITY

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34. Given the longevity of the dispute, the outsize liability it represents to the public purse, and the rulings of the High Court and Court of Appeal, why has the case been allowed to run on so long? Why, after fifteen years, has Glencore's multi-billion-pound CT/DPT assessment not been litigated openly in the tax tribunal?
35. HMRC's recourse to litigation in cases involving diverted profits is rare. As of March 2024 (the latest available figures) HMRC was conducting about 74 reviews into multinationals with alleged arrangements to divert profits, a figure which has declined from around 100 prior to the pandemic.<sup>78</sup> Of these, HMRC has told TaxWatch that five or fewer cases with a DPT element are currently being litigated.<sup>79</sup> (HMRC states that confidentiality requirements prevent it from confirming whether this number is five, zero, or a figure in-between).
36. Glencore's case arrived in the First-Tier Tribunal (Tax) in 2019, eight years after HMRC began its inquiry, and now with over £450 million of tax at stake.<sup>80</sup> However, it was immediately suspended, to allow a Mutual Agreement Procedure (MAP) requested by the Swiss tax authorities on behalf of GIAG.<sup>81</sup>

37. MAPs are closed-door negotiations with other countries' tax authorities, mandated by bilateral tax treaties in cases where each country may claim the right to tax some of the same income. In this case, the MAP is presumably intended to determine what proportion of GIAG's service fee income from GENUK is taxable in Switzerland, and what is artificial profit-shifting that should be taxed instead in the UK.
38. MAPs are now a standard part of tax treaty repertoire, and the tax treaty between the UK and Switzerland requires the two countries' tax authorities to submit disputes to MAP if a taxpayer requests it. However, HMRC's public position has long been that the Diverted Profits Tax is 'MAP-proof', since it is not a 'covered tax' as defined in most tax treaties. HMRC's DPT manual states: "*As a separate and distinct tax DPT is outside of double taxation treaties.*"<sup>82</sup>
39. In this case, however, HMRC considered that the treaty obliged it to discuss the MAP's applicability to both DPT and CT assessments with Swiss authorities.<sup>83</sup> HMRC wrote to the company that the case was "*most definitely within MAP*" and that it was "*willing to discuss these [MAP requests] with the SCA [Swiss Competent Authority]*", but not until the UK appeals were stayed, withdrawn or finally determined.<sup>84</sup> Noting HMRC's acceptance of the MAP process in principle, the tax tribunal ordered the case be stayed, dismissing HMRC's preference for the domestic case to proceed first.<sup>85</sup> HMRC decided not to appeal this decision.<sup>86</sup> HMRC also told TaxWatch that "*[w]e maintain that Diverted Profits Tax does not fall within the scope of the UK–Switzerland Double Taxation Treaty.*"<sup>87</sup> Glencore has nonetheless confirmed to TaxWatch that both its Corporation Tax and its Diverted Profits Tax assessments continue to be considered in the MAP being conducted under the auspices of the UK-Swiss treaty.<sup>88</sup>
40. MAPs are not covered by HMRC's Litigation and Settlement Strategy. They generally take priority over domestic proceedings: as the authoritative commentary to the OECD model tax convention states, "*in most cases it is the domestic recourse provisions such as appeals or court proceedings that are held in abeyance in favour of the less formal and bilateral nature of mutual agreement procedure*".<sup>89</sup> MAPs also allow cross-border taxpayers like multinational companies to take advantage of a confidential administrative procedure in place of an open legal one.<sup>90</sup>

41. HMRC argues that MAPs do not replace the resolution of disputes between taxpayers and HMRC, but instead resolve disagreements between states over the allocation of taxing rights.<sup>91</sup> However, this ignores the reality of MAPs, particularly with low-tax jurisdictions: they are initiated at the request of a taxpayer not the jurisdiction; and in cases involving cross-border transfers of profits, the allocation of taxing rights between the UK and a low-tax jurisdiction is the dispute with the taxpayer. As one international tax lawyer (unrelated to this case) described the process to researchers in 2021, companies demand MAPs “to try to force [the country] to see sense. We're using MAP as a tactic to force [the tax authority] to be more reasonable.”<sup>92</sup> In the MAP negotiations in this case, the interest of the Swiss tax authority presumably aligns with that of Glencore: to maximise Swiss taxing rights by arguing that the disputed payments to Switzerland are legitimate and accurately valued.
42. UK government policy strongly promotes taxpayer access to MAPs.<sup>93</sup> The UK permits any administrative or judicial process dealing with a tax dispute to be suspended, and the payment of tax due also to be suspended, while a MAP takes place.<sup>94</sup> The UK supports MAPs partly as a way of resolving disputes without the need for costly and lengthy litigation. In this case, however, the MAP has meant that a case that actually came to the UK's tax tribunal in 2019 is still ongoing as of March 2026, somewhat undermining HMRC's commitment to meet the target set by the Organisation of Economic Cooperation and Development (OECD) of resolving MAPs within 24 months.<sup>95</sup> It is unclear why the process has taken such a long time in this case: Glencore has told TaxWatch that “[t]here are currently no open information requests from HMRC and HMRC has not asked for further audit information for some years now.”<sup>96</sup> HMRC declined to comment on the specific case.
43. In 2021, the UK government also changed domestic UK law to allow tax relief mandated by a MAP to be granted against DPT charges. Though this does not in itself oblige HMRC to deal with DPT disputes under MAP processes, unless a treaty is deemed to cover the DPT, it does provide the domestic legal powers to implement in the UK a MAP decision covering the DPT.<sup>97</sup>
44. If a MAP does not reach agreement after a set period – usually two or three years - some tax treaties following models promoted by the OECD require tax authorities to submit to mandatory binding arbitration by a

panel of arbitrators independent of the tax authorities, which the two countries must accept. It is “UK policy to include a provision for arbitration in its double tax treaties”, according to HMRC, and thus “the UK has committed to mandatory binding arbitration” in a 2015 Multilateral Convention under the auspices of the OECD that amends many of the UK’s existing tax treaties.<sup>98</sup>

45. Mandatory binding arbitration remains controversial. In the words of Professor Sol Piciotto, emeritus Professor of Law at Lancaster University and Senior Fellow at the International Centre for Tax and Development at Sussex University: “It seems inappropriate...to deal with these important [international tax] issues through international procedures cloaked in total secrecy”.<sup>99</sup> First proposed in the 1980s, but dismissed by the OECD’s Committee on Fiscal Affairs as “an unacceptable surrender of fiscal sovereignty”,<sup>100</sup> the OECD began to promote mandatory binding arbitration more widely in the mid-2010s, after the US government dropped its longstanding objections. Nonetheless most countries continue to reject it: out of 110 signatories to the 2015 OECD Multilateral Convention only 34 (including the UK) have agreed to mandatory binding arbitration.<sup>101</sup>

46. The UK-Swiss tax treaty allows taxpayers to require that the dispute is settled by mandatory binding arbitration if they have not reached agreement three years after the taxpayer has submitted all the required information. In 2021, two years after the Glencore MAP negotiations had started, HMRC and the Swiss tax authority signed an agreement detailing mandatory arbitration procedures under the UK-Swiss tax treaty.<sup>102</sup> This agreement allows the arbitrators – who are not judges or officials of either country – to set their own evidentiary and procedural rules. It allows the taxpayer to veto the publication of the decision, unlike a court or tribunal. And in two of the three possible arbitration processes specified in the agreement, it mandates a ‘baseball’ or ‘last best offer’ (all or nothing) decision where arbitrators simply select one side’s position without compromise between them, and are specifically instructed not to provide any explanation of their decision.<sup>103</sup> This increases the risk that one tax authority largely or entirely loses out. Only 25 of the OECD Multilateral Convention’s 110 signatories (including the UK) have agreed to such ‘baseball’ arbitration.<sup>104</sup>

47. These are the processes HMRC potentially now faces in this multi-billion-pound tax dispute. Glencore has told TaxWatch that its MAP will qualify for arbitration from May 2026.<sup>105</sup>
48. The 2026 oil shock illustrates what is at stake in this delay, and in the risk that HMRC could lose its entire claim in baseball arbitration. Between 2019 - when HMRC's assessments were taken out of the UK courtroom - and December 2025, the tax and interest at stake rose by US\$1.3 billion (£960 million).<sup>106</sup> Since 2023, HMRC has issued Glencore with further assessments for tax allegedly underpaid in tax years 2019-2022.<sup>107</sup> Notably, in the energy price shock caused by Russia's 2022 full-scale invasion of Ukraine, Glencore's earnings (EBIT) from energy marketing increased by 73 percent to US\$6.4 billion (£4.7 billion), which Glencore said was *"driven by our oil and gas department, as it capitalised on the extreme energy market imbalances, volatility and dislocations across crude oil, LNG, refined products and logistics infrastructure"*.<sup>108</sup>
49. Now, in 2026, with an energy market shock that the International Energy Authority has called *"unprecedented in scale"*,<sup>109</sup> some oil and gas trading giants are again widely expected to make windfall profits from the market volatility.<sup>110</sup> In early April 2026 it was reported that Glencore's oil trading unit had chartered one of the first 'Suezmax' tankers waiting to load Iraqi oil since the start of the war on Iran, thereby poised to be one of the first to deliver Middle Eastern crude to Asian markets if the Strait of Hormuz re-opens while prices remain high (though trading can generate profits from dramatic price changes in either direction).<sup>111</sup> If the 2026 energy crisis does deliver the expected windfall profits, then in Glencore's case they will accrue largely to the same London oil and gas trading unit whose tax-reducing payments to Switzerland have continued unmodified, thanks to the freeze in resolving its tax dispute with HMRC.

# A WIDER ISSUE

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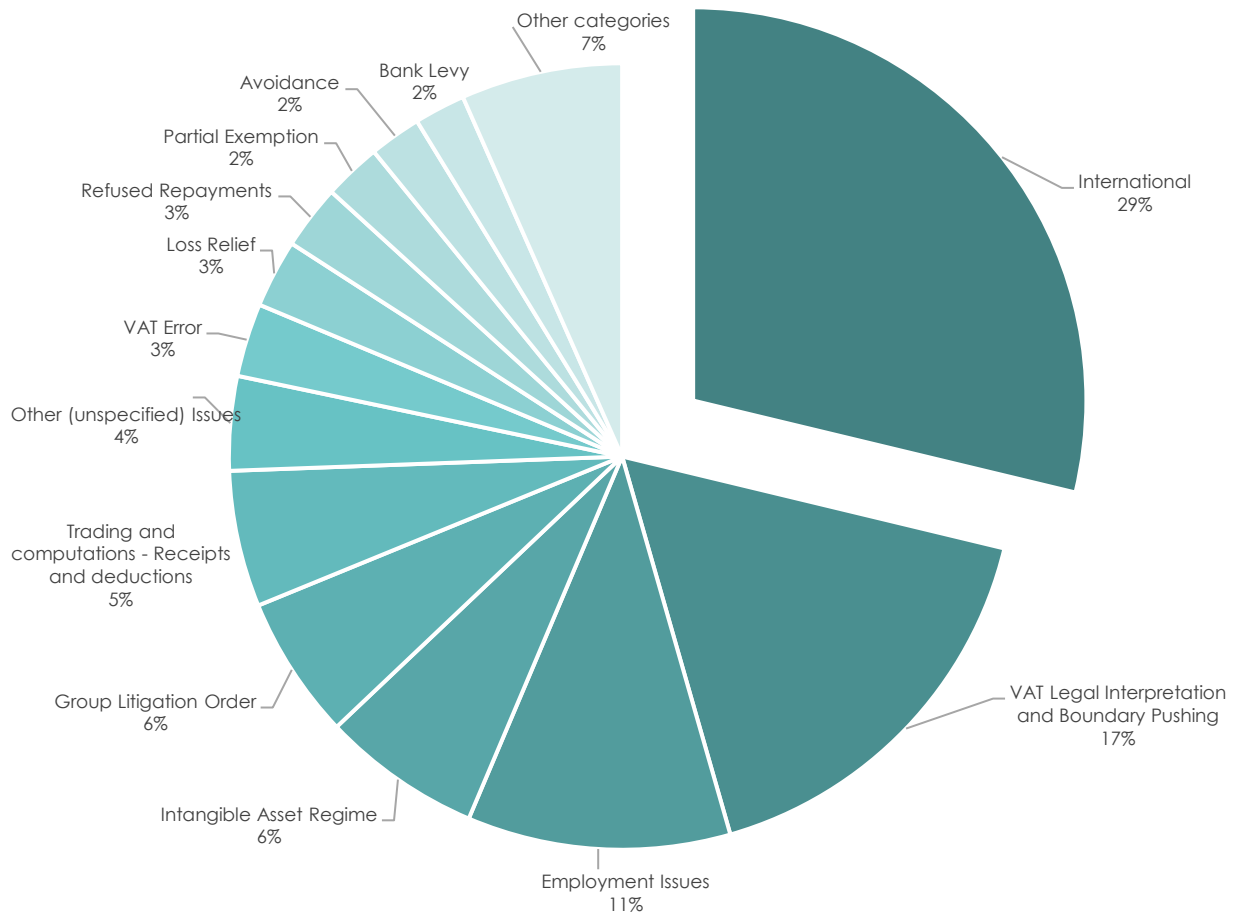
50. The changes made to UK and treaty law between 2015 and 2021 expressly make it easier for large companies – especially those linked to Switzerland, and those that HMRC assesses are artificially diverting profits there – to demand that their tax disputes be shifted to closed-door negotiations under MAP, and to secret mandatory arbitration. There is no suggestion that any of these changes were done specifically in order to apply to the dispute with Glencore. Nonetheless they would likely have been done with knowledge of the existence of the Glencore dispute, and by 2021 knowing the scale of Glencore's UK-Swiss tax under consideration, which had been publicly disclosed in Glencore's annual reports for several years, and in the 2019 FTT decision.

51. More widely, these changes are likely to apply to some of HMRC's most significant cohorts of large business disputes and investigations.

'International tax' is by far the largest category by value of 'tax under consideration' in HMRC's large business compliance cases, covering nearly a third of the £35-50 billion of tax under consideration by HMRC's Large Business Directorate in any of the last five years (Figure 4).

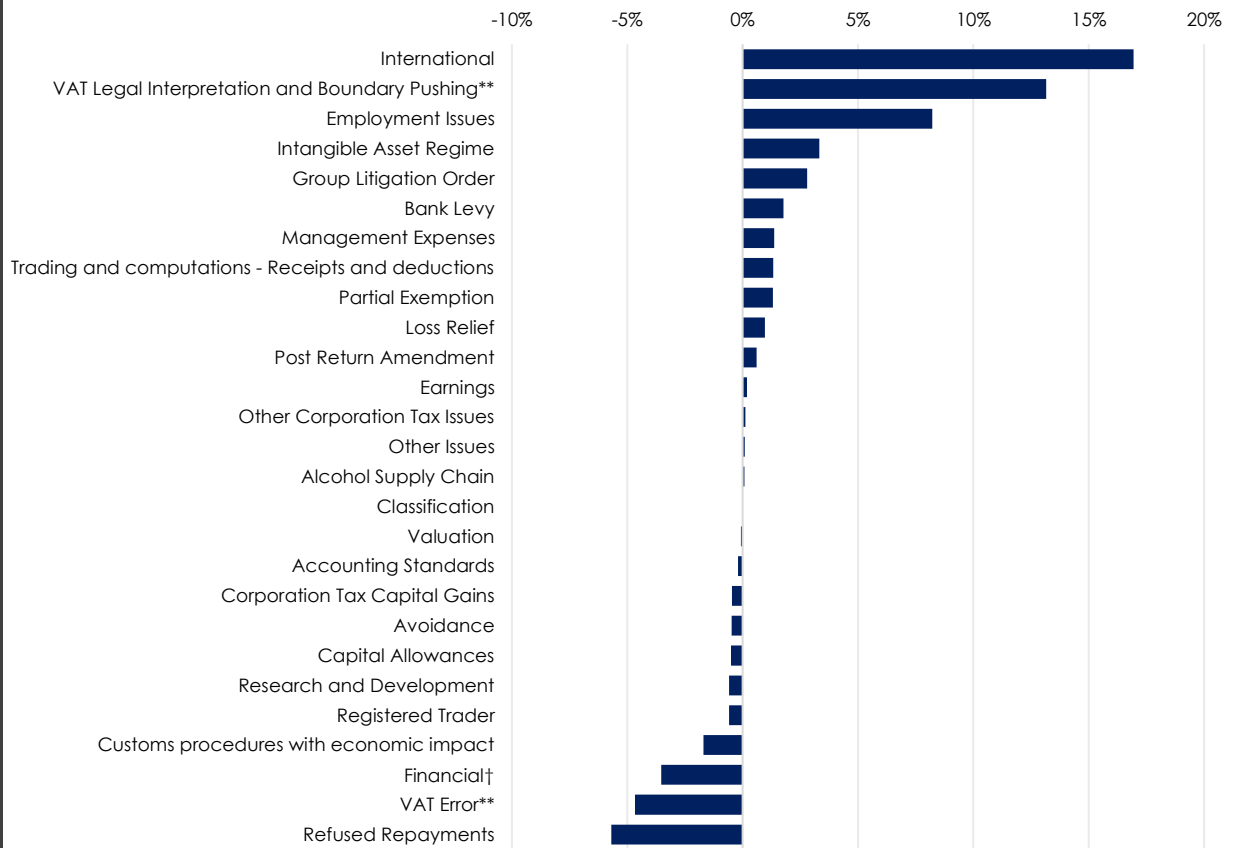
'International tax' is also the category which has grown the most as a proportion of the large business dispute 'tax under consideration' since 2020, rising from 12 percent of the total in 2020 to 29 percent in 2025 (Figure 5). And there is more 'tax under consideration' in HMRC's large business disputes with Swiss-headed groups than with groups headed in any other country after the USA and the UK (Figure 6).

**Figure 4: top categories of 'tax under consideration' by HMRC's Large Business Directorate, average 2020-25**



Source: HMRC, Large Business Compliance Yield: Technical Note, various years

**Figure 5: Changes to proportion of total 'tax under consideration' attributed to different categories, 2020-2025**

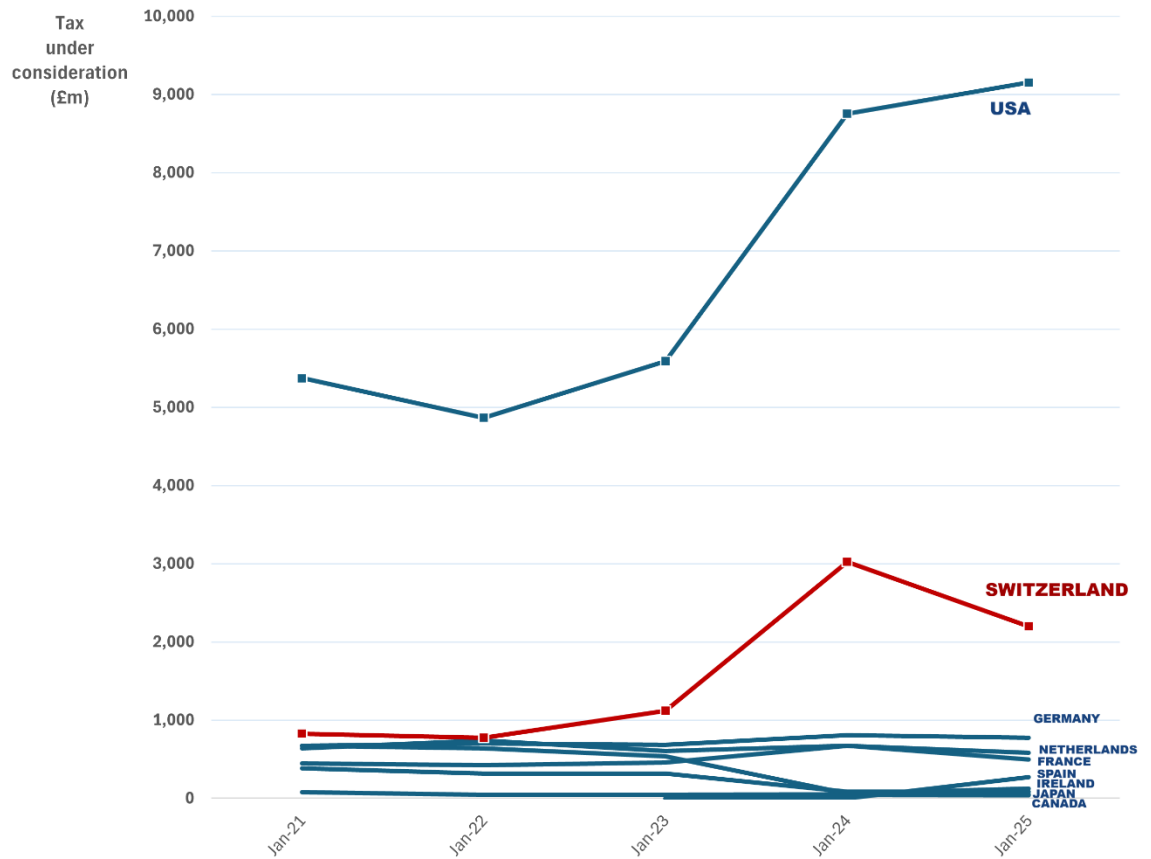


Source: HMRC, Large Business Compliance Yield: Technical Note, various years

\*\* The 'VAT Error' and 'VAT Legal Interpretation and Boundary Pushing' categories were not reported in 2020 or 2021, so the proportion change from 2022 to 2025 is given here

† The 'Financial' category was not reported in 2025, so the proportional change from 2020-24 is given here.

**Figure 6: Ultimate parent jurisdiction of large corporate groups with tax under consideration in HMRC Large Business Directorate (excluding the UK and ‘other’)**



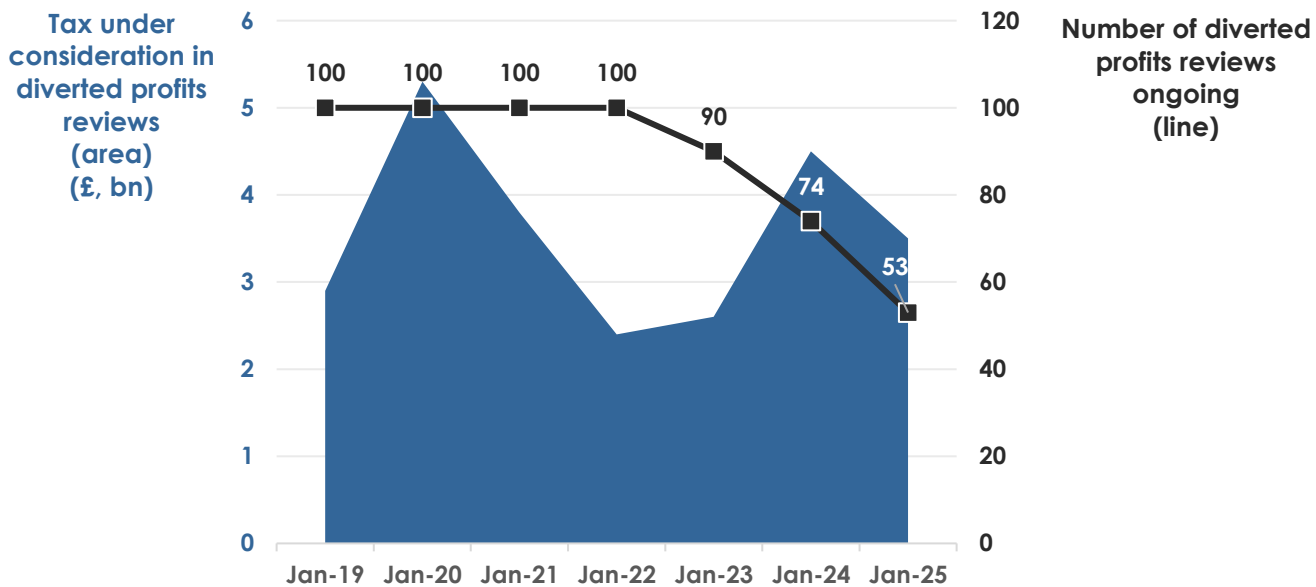
Source: HMRC, Large Business Compliance Yield: Technical Note, various years

52. Finally, legislation passed in March 2026 will ensure that future DPT disputes can be more easily shifted to MAP and mandatory secret arbitration, thereby cementing in law the process that prolonged the Glencore dispute and taken it out of the hands of UK courts, against HMRC's arguments. Finance Act 2026 repeals the DPT and replaces it with a near carbon copy – the Unassessed Transfer Pricing Profits charging provision<sup>112</sup> – with one significant difference: legally this replacement tax will be considered part of corporation tax rather than a separate tax (though it will be charged at the same punitive rate as the DPT). This change may have been introduced to try to avoid retaliatory tariffs and taxes threatened by the Trump administration against countries with diverted

profits taxes like the UK and Australia, which are sometimes labelled 'Google taxes', but those threatened measures were dropped from US legislation during 2025.<sup>113</sup> However, HMRC has also expressly argued for the 2026 measure on the basis that since "the [new] charge is to Corporation Tax, businesses can benefit from access to the UK's treaty network in the usual way, including access to the Mutual Agreement Procedure to remove double taxation".<sup>114</sup>

53. Outside the tax profession this measure has received almost no public or parliamentary commentary, but it is likely to have a significant impact on how HMRC tackles what it characterises as "contrived and artificial arrangements" to minimise large companies' tax liabilities through diverting profits.<sup>115</sup> Substantial revenue is at stake: though diverted profits disputes are falling in number, those that remain are rising in value, meaning that the tax under consideration in HMRC's diverted profits cases has not fallen significantly in the last six years (Figure 7). HMRC's latest figures, published in March 2026, show that at the end of March 2025 there was £3.5 billion of DPT and related corporation tax under consideration in current diverted profits cases involving large companies.<sup>116</sup>

**Figure 7: HMRC diverted profits cases, Mar 2019 - Mar 2025**



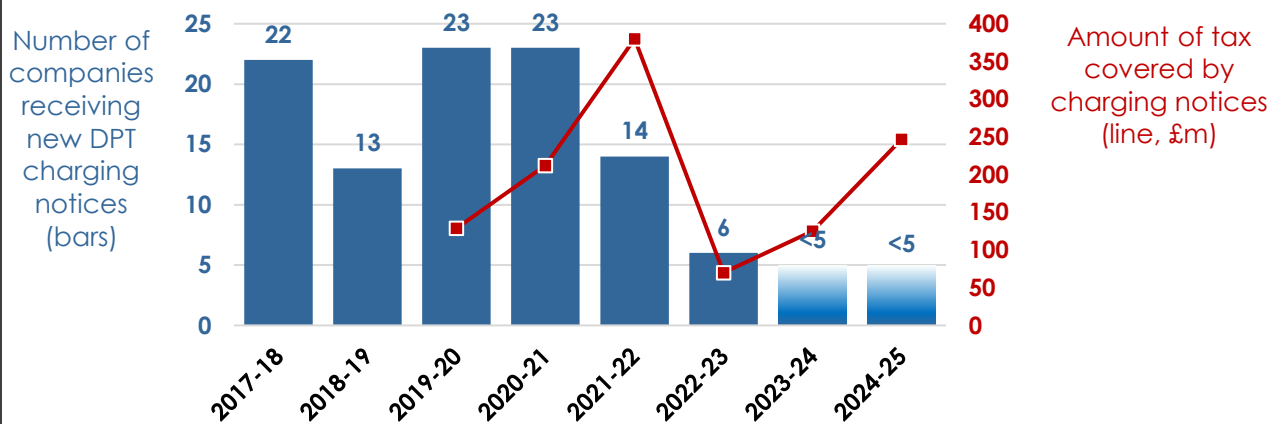
Source: HMRC Transfer Pricing and Diverted Profits Tax statistics, various years

# CONCLUSION

54. Politicians and tax professionals often say that the era of multinationals aggressively avoiding tax is over.<sup>117</sup> International rule changes under the OECD's Base Erosion and Profit Shifting project, as well as stronger enforcement in response to public outrage about corporate giants' tax behaviour, have put paid to blatant and artificial corporate tax avoidance schemes. What remains, we are told, are simply honest disagreements between large businesses and tax authorities about the application of tax law.<sup>118</sup> HMRC agrees: it recently told the National Audit Office that "*large businesses are generally compliant and that cases of egregious behaviour are rare*", and that "*the amount of tax unpaid by large businesses has been on a long-term downward trend.*"<sup>119</sup>

55. There is no doubt that the terrain of international corporate tax has changed. But Glencore's epic diverted profits case, and the wider picture of the UK's diverted profits tax, is a reminder that some multinationals continue to try to shift profits out of the UK in ways that HMRC claims is contrived and artificial. Numbers of ongoing DPT cases, and new DPT charges against large businesses, are certainly both falling (Figures 7 and 8). But the amount of tax at stake in new cases is rising (Figure 7).

**Figure 8: new DPT charging notices, 2017-18 to 2024-25**



Sources: HMRC, *Transfer Pricing and Diverted Profits Tax statistics*, various years; response to Freedom of Information request from TaxWatch, 30 January 2026. N.B. for 2023-24 and 2024-25, HMRC states that for

56. What has undeniably changed are the tools at HMRC's disposal to tackle such tax behaviour. The OECD's BEPS reforms of the 2010s have introduced stronger transfer pricing standards and measures in tax treaties to reduce profit-shifting through excessive debt or service fees, and to stop companies moving profit-making functions to low-tax jurisdictions while avoiding having taxable branches in higher-tax jurisdictions. Tied to these new international standards are new domestic tools to incentivise compliance with them: from the Diverted Profits Tax to the Un-Cooperative Large Business Regime.
57. The Glencore case raises questions about whether these new weapons are being properly wielded. The provisions under the unco-operative Large Business Regime to name companies that persistently take "speculative" tax positions, and impose strict liability penalties on inaccuracies in their documents, have never been used against any company, a decade after they were placed on the statute book.<sup>120</sup> Meanwhile HMRC's policy of maximising the use of mutual agreement procedures and secret binding arbitration appears to favour open-ended, closed-door negotiations over public litigation, even in cases where a taxpayer resists settlement.
58. These negotiations and arbitration are not 'sweetheart' deals like those alleged in the early 2010s. Indeed, in this case neither Glencore nor HMRC has backed down as the amount of tax and penalties at stake has soared. But they raise similar questions about whether closed-door, informal processes may be undermining the revenue guardrails of HMRC's Litigation and Settlement Strategy (LSS). Unlike many transfer pricing cases, Glencore's case appears in part to involve an 'all or nothing' question: HMRC insists that certain tax-deductible payments should be valued at zero. In all-or-nothing cases "[w]here HMRC believes that it is likely to succeed in litigation", the LSS requires HMRC "not [to] reach an out of court settlement for less than 100% of the tax, interest and penalties at stake",<sup>121</sup> and in all cases "not [to] settle by agreement for an amount which is less than it would reasonably expect to obtain from litigation".<sup>122</sup> Yet MAPs require concessions of tax revenue by each side. Mandatory binding 'baseball' arbitration, meanwhile, carries the risk that HMRC could lose its entire claim.

59. Notably, the LSS does not establish detailed guidance for how HMRC approaches MAPs. HMRC told TaxWatch that “[b]ecause MAP resolves disputes between two states and not between HMRC and a taxpayer it does not fall within the LSS. HMRC approaches MAP resolution with a view to the best outcome for the UK within the relevant treaty law.”<sup>123</sup>
60. Explicitly promoting multinationals' recourse to secret foreign arbitration also goes against the Public Accounts Committee's demand that “it is essential that there should be proper accountability to Parliament for the settlements reached by HMRC”.<sup>124</sup> The Committee criticised the fact that HMRC was granting the same cloak of absolute privacy to publicly-listed multinational companies as they afforded to individual taxpayers; and raised concerns that “many millions of pounds may be lost to the public purse” as a result of undisclosed settlements.<sup>125</sup> The legislation passed without parliamentary comment or challenge in the Finance Act 2026 cement this opacity in UK law. It will open up the conveyor belt for more of HMRC's most serious tax disputes with large businesses – those involving what HMRC characterises as artificial profit diversion - to be resolved by closed-door negotiation; and for unaccountable foreign arbitrators to determine whether UK tax is due.
61. The amounts of tax at stake in HMRC's tax disputes with large companies continue to rise – from £35 billion in March to over £70 billion by October 2025.<sup>126</sup> With these kinds of sums potentially at stake, preferences in UK policy and law for how such disputes are resolved deserve more scrutiny from parliament and the public.

# RECOMMENDATIONS

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- As Parliament's Public Accounts Committee has insisted since 2011: there should be transparency about HMRC large business tax settlements. This should include MAP agreements regarding UK large business taxpayers. For all large business settlements where there is over £1 million of tax under consideration, HMRC should publish: the company name; the amounts of additional tax originally assessed; and the amounts of additional tax, interest and penalties finally imposed after all appeals have been exhausted.
- The UK government should reconsider its blanket support for taxpayer access to secret, mandatory binding arbitration in cross-border tax disputes.
- If the UK government insists on continuing its support for mandatory binding arbitration, it should:
  - set out clear conditions detailing what types and sizes of disputes may be referred to mutually binding arbitration, and seek to include these conditions over time in new and existing tax treaties;
  - not agree mandatory binding arbitration provisions with low-tax jurisdictions, and seek to remove them over time from existing tax treaties with low-tax jurisdictions;
  - only agree mandatory binding arbitration bilaterally with individual jurisdictions, and therefore withdraw its opt-in to the optional arbitration provision in the OECD BEPS Multilateral Instrument.
- There should be no secret settlements with large business taxpayers. HMRC should therefore stop including secrecy provisions in MAP and arbitration clauses in tax treaties, and should seek to remove them from existing tax treaties over time.

# ANNEX: RESPONSES FROM GLENCORE AND HMRC

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TaxWatch wrote to Glencore Plc setting out the findings of this report, asking additional questions, and requesting comment. TaxWatch is grateful to Glencore for responding with significant detail in some cases. We have integrated Glencore's relevant responses in the body of the report above. For full transparency we have published on our website:

- Our original letter to Glencore, [here](#).
- Glencore's responses, [here](#) and [here](#).

TaxWatch also wrote to Deloitte UK setting out its findings with regard to the accounting and auditing of Glencore Energy UK Ltd, asking additional questions, and requesting comment. Deloitte declined to comment.

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TaxWatch wrote to HMRC setting out its findings, asking additional questions, and requesting comment. HMRC stated that it was unable to comment on specific businesses due to taxpayer confidentiality law, and would only provide responses to specific questions on background rather than for publication. HMRC's on-record response was as follows:

*An HMRC spokesperson said:*

*"The independent NAO [National Audit Office] has commended our work to get large businesses to pay what they owe. Our hands-on approach has doubled the amount of additional tax secured over the last three years, delivering an extra £15.8bn for public services in 2024/25. With major investment in new technology and thousands of additional compliance officers, the Government is ensuring HMRC has the tools it needs to continue to close the tax gap and collect the tax due."*

# REFERENCES

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- <sup>1</sup> HMRC, *Guidance: HMRC's compliance approach for large businesses* (updated 10 April 2024), <https://www.gov.uk/guidance/hm-revenue-and-customs-large-business>
- <sup>2</sup> "For large businesses we take the same approach to resolving tax disputes as with all taxpayers, whether that happens through them settling with us or through litigation in the courts": HMRC, *Guidance: HMRC's compliance approach for large businesses* (updated 10 April 2024), <https://www.gov.uk/guidance/hm-revenue-and-customs-large-business>
- <sup>3</sup> HMRC, *Guidance: Large Business: the High Risk Corporates Programme* (updated 12 May 2021), <https://www.gov.uk/guidance/large-business-the-high-risk-corporates-programme>
- <sup>4</sup> HMRC, *Guidance: HMRC's compliance approach for large businesses* (updated 10 April 2024), <https://www.gov.uk/guidance/hm-revenue-and-customs-large-business>
- <sup>5</sup> HMRC, *International Manual: INTM489540 - Diverted Profits Tax: introduction and overview: who is affected* (9 April 2016, updated 28 April 2026), <https://www.gov.uk/hmrc-internal-manuals/international-manual/intm489540>
- <sup>6</sup> HMRC, *Guidance: Profit Diversion Compliance Facility* (10 January 2019), <https://www.gov.uk/government/publications/hmrc-profit-diversion-compliance-facility/profit-diversion-compliance-facility>
- <sup>7</sup> TaxWatch, 'The Diverted Profits Tax and Tackling Offshore Promoters of Tax Avoidance', 1 December 2021, [https://www.taxwatchuk.org/finance\\_bill\\_2021\\_2022/](https://www.taxwatchuk.org/finance_bill_2021_2022/)
- <sup>8</sup> HMRC communication to TaxWatch, 25 March 2026.
- <sup>9</sup> House of Commons, *Committee of Public Accounts: Corporate Tax Settlements* (HC 788, 23 February 2016), p. 6, <https://publications.parliament.uk/pa/cm201012/cmselect/cmpublicacc/1531/153102.htm>
- <sup>10</sup> Finance Act 2016, Schedule 19, Part 3.
- <sup>11</sup> HMRC, *Improving Large Business Tax Compliance: Summary of Responses* (9 December 2015), [https://assets.publishing.service.gov.uk/media/5a80df1fed915d74e33fce24/Improving\\_Large\\_Business\\_Tax\\_Compliance\\_-\\_summary\\_of\\_responses\\_M-7501-02\\_.pdf](https://assets.publishing.service.gov.uk/media/5a80df1fed915d74e33fce24/Improving_Large_Business_Tax_Compliance_-_summary_of_responses_M-7501-02_.pdf)
- <sup>12</sup> HMRC, Response to TaxWatch Freedom of Information request FOI2026/16563, 6 March 2026.
- <sup>13</sup> HMRC communication to TaxWatch, 25 March 2026.

<sup>14</sup> National Audit Office, *Taxing Large Businesses* (HC 1647, 27 February 2026), para. 2.25, <https://www.nao.org.uk/wp-content/uploads/2026/02/taxing-large-businesses.pdf>

<sup>15</sup> National Audit Office, *Taxing Large Businesses* (HC 1647, 27 February 2026), para. 2.19, <https://www.nao.org.uk/wp-content/uploads/2026/02/taxing-large-businesses.pdf>

<sup>16</sup> HMRC, *Transfer Pricing and Diverted Profits Tax statistics: 2024 to 2025* (11 March 2026), <https://www.gov.uk/government/publications/transfer-pricing-and-diverted-profits-tax-statistics-2024-to-2025/transfer-pricing-and-diverted-profits-tax-statistics-2024-to-2025>

<sup>17</sup> HMRC, response to TaxWatch Freedom of Information request FOI2026/00018, 30 January 2026. HMRC told TaxWatch that this information was not readily available because the Fraud Investigation Service's records are based on individuals, and do not systematically record companies with which individuals under investigation may be associated. This is surprising, given that any investigations relating to transfer pricing and/or diverted profits – which HMRC insists exist – must therefore focus on the company's tax affairs, not those of the individual. The Fraud Investigation Service (FIS) conducts non-criminal investigations under two headings: Code of Practice 8 (COP8), where there is a significant loss of tax but fraud is not suspected at the outset; and Code of Practice 9 (COP9), where fraud is suspected at the outset, but the case is dealt with using civil powers. HMRC was unable to provide TaxWatch with figures either for COP8 investigations or for criminal investigations of large businesses. COP9 cases can only be used for individuals, not legal persons.

<sup>18</sup> National Audit Office, *Taxing Large Businesses* (HC1647, 27 February 2026), p. 14, <https://www.nao.org.uk/wp-content/uploads/2026/02/taxing-large-businesses.pdf> This includes, for example, employees' payroll taxes.

<sup>19</sup> National Audit Office, *Settling Large Tax Disputes* (14 June 2012), <https://www.nao.org.uk/reports/settling-large-tax-disputes/>

<sup>20</sup> National Audit Office, *Settling Large Tax Disputes* (14 June 2012), <https://www.nao.org.uk/reports/settling-large-tax-disputes/>

<sup>21</sup> House of Commons, *Committee of Public Accounts: Corporate Tax Settlements* (HC 788, 23 February 2016), <https://publications.parliament.uk/pa/cm201516/cmselect/cmpubacc/788/78802.htm>

<sup>22</sup> National Audit Office, *Taxing Large Businesses* (HC 1647, 27 February 2026), p.

<sup>23</sup> HMRC communication to TaxWatch, 25 March 2026.

<sup>24</sup> HMRC, *Resolving Tax Disputes: Commentary on the litigation and settlement strategy* (October 2017), [https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC\\_Resolving\\_tax\\_disputes.pdf](https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC_Resolving_tax_disputes.pdf)

<sup>25</sup> House of Commons, *Committee of Public Accounts: HM Revenue & Customs 2010-11 Accounts : tax disputes* (HC 1531, 14 December 2011),  
<https://publications.parliament.uk/pa/cm201012/cmselect/cmpubacc/1531/1531.pdf>

<sup>26</sup> HMRC, *Resolving Tax Disputes: Commentary on the litigation and settlement strategy* (October 2017), p. 6, para.16,  
[https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC\\_Resolving\\_tax\\_disputes.pdf](https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC_Resolving_tax_disputes.pdf)

<sup>27</sup> HMRC, *Resolving Tax Disputes: Commentary on the litigation and settlement strategy* (October 2017), p. 6, para.17,  
[https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC\\_Resolving\\_tax\\_disputes.pdf](https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC_Resolving_tax_disputes.pdf)

<sup>28</sup> HMRC, *Resolving Tax Disputes: Commentary on the litigation and settlement strategy* (October 2017), p. 6, para.16,  
[https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC\\_Resolving\\_tax\\_disputes.pdf](https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC_Resolving_tax_disputes.pdf)

<sup>29</sup> HMRC, *Resolving Tax Disputes: Commentary on the litigation and settlement strategy* (October 2017), p. 6, para.17,  
[https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC\\_Resolving\\_tax\\_disputes.pdf](https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC_Resolving_tax_disputes.pdf)

<sup>30</sup> HMRC, *Resolving Tax Disputes: Commentary on the litigation and settlement strategy* (October 2017), p. 6, para.17,  
[https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC\\_Resolving\\_tax\\_disputes.pdf](https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC_Resolving_tax_disputes.pdf)

<sup>31</sup> HMRC, *Resolving Tax Disputes: Commentary on the litigation and settlement strategy* (October 2017), p. 7, para.18,  
[https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC\\_Resolving\\_tax\\_disputes.pdf](https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC_Resolving_tax_disputes.pdf)

<sup>32</sup> HMRC, *Resolving Tax Disputes: Commentary on the litigation and settlement strategy* (October 2017), p. 7, para.18,  
[https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC\\_Resolving\\_tax\\_disputes.pdf](https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC_Resolving_tax_disputes.pdf)

<sup>33</sup> Rupert Shiers, 'Diverted Profits Tax and the Glencore case', *Tax Journal*, 26 July 2017,  
<https://www.taxjournal.com/articles/diverted-profits-tax-and-glencore-case-26072017>; Ben Amunwa, 'The High Court ruling in Glencore Energy', *Tax Journal*, 5 July 2017,  
<https://www.taxjournal.com/articles/high-court-ruling-glencore-energy-05072017> ;

<sup>34</sup> Glencore Energy UK Ltd (GENUK), *Annual Report and Financial Statements for the year ended 31 December 2024*, Note 24.

- <sup>35</sup> Glencore Plc, *Preliminary results 2025* (18 February 2026), pp. 11, 59  
<https://www.glencore.com/.rest/api/v1/documents/static/d1a49c6b-9771-4bf1-9090-7c136aac8112/GLEN-2025-Preliminary-Results.pdf>
- <sup>36</sup> Jasper Jolly, 'London court forces Glencore to pay record £281m for bribery in Africa', *Guardian*, 3 November 2022, <https://www.theguardian.com/business/2022/nov/03/london-court-forces-glencore-to-pay-record-281m-for-bribery-in-africa>
- <sup>37</sup> Communication from Glencore Plc to TaxWatch, 25 March 2026.
- <sup>38</sup> Glencore Energy UK Ltd (GENUK), financial statements, various years; judgement in *Glencore Energy UK Ltd v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWHC 1476 (Admin), 29 June 2017, para. 23.
- <sup>39</sup> Communication from Glencore Plc to TaxWatch, 25 March 2026.
- <sup>40</sup> Glencore Energy UK Ltd (GENUK), financial statements, various years.
- <sup>41</sup> Judgement in *The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, para. 3.
- <sup>42</sup> Judgement in *Glencore Energy UK Ltd v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, paras. 23-24.
- <sup>43</sup> Communication from Glencore Plc to TaxWatch, 26 March 2026. The relevant 'unallowable purposes' anti-avoidance legislation is Corporation Tax Act 2009, s. 690 and 691.
- <sup>44</sup> Judgement in *The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, para. 3; Judgement in *Glencore Energy UK Ltd v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, paras. 26-28. HMRC first sought information from GENUK in relation to a potential DPT charge on 5 April 2016. On 27 April 2016 GENUK replied to this enquiry confirming that GIAG's tax rate was around 11 percent, and thus that the 'Effective Tax Mismatch Outcome' condition of the DPT was satisfied, because the taxes payable by GIAG as a result of operation of the RSA were less than 80 percent of the tax otherwise payable by GENUK (i.e. less than 16% when UK corporation tax, as in 2015, was at 20%). On 6 September 2016, HMRC duly issued a Preliminary Notice of a DPT charge to GENUK. GENUK responded on 5 October 2016, withdrawing its earlier agreement that the Effective Tax Mismatch Outcome was met, and claiming that in fact the tax rate on GIAG's profits was 16.92%, not 11%.
- <sup>45</sup> Judgement in *The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, para. 37.
- <sup>46</sup> The June 2017 judgement in Glencore's application for judicial review notes that "Discussions focussing upon transfer pricing have been ongoing between GENUK and HMRC for about 6 years": judgement in *Glencore Energy UK Ltd v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWHC 1476 (Admin), 29 June 2017, para. 26.

<sup>47</sup> The DPT also includes a potential charge relating to artificial avoidance of creating a taxable permanent establishment, but this is not the kind of arrangement under consideration here.

<sup>48</sup> Finance Act 2015, Part 3

<sup>49</sup> Judgement in *The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, para. 4.

<sup>50</sup> Judgement in *The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, para. 4.

<sup>51</sup> Judgement in *Glencore Energy UK Ltd v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWHC 1476 (Admin), 29 June 2017, para. 27.

<sup>52</sup> Judgement in *The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, para. 24.

<sup>53</sup> Judgement in *The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, para. 39 (quote from internal HMRC report dated 31 October 2016 for the Designated Officer with a recommendation that a Charging Notice be issued to GENUK).

<sup>54</sup> Judgement in *The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, para. 35.

<sup>55</sup> Communication from Glencore Plc to TaxWatch, 26 March 2026.

<sup>56</sup> Communication from Glencore Plc to TaxWatch, 26 March 2026.

<sup>57</sup> Communication from Glencore Plc to TaxWatch, 26 March 2026. N.B. HMRC also challenged GENUK's claimed inability to cover its own trading losses, which justified the loss insurance that Glencore claimed was one of the services provided under the agreement with GIAG. HMRC's counterfactual for the purposes of calculating DPT was that instead of GIAG insuring GENUK's losses in return for part of the service fee, GENUK could be provided with the necessary additional working capital, which would carry some deductible cost, albeit lower than the fee to GIAG, thereby reducing the amount of DPT otherwise due. HMRC noted that during 2015, the period under DPT assessment, "*GENUK was in fact lending GIAG large sums in excess of US\$1 billion, which calls in question the amount of working capital GENUK usually needs or might require in the counterfactual scenario envisaged*". However, this was a question of logic and argumentation in justifying the level of the service fee to GIAG, not inadequate evidence of factual claims made by Glencore. Judgement in *The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, paras. 27, 50.

<sup>58</sup> The DPT contains an "effective tax mismatch outcome" (ETMO) condition. To satisfy the ETMO condition, the taxes payable on diverted profits as a result of the arrangement in question must be less than 80 percent of the UK corporation tax that would otherwise be payable on those profits. In 2015, the rate of UK corporation tax was 20 percent, meaning that diverted profits had to be taxed

at 16 percent or less for the ETMO condition to be satisfied. See Finance Act 2015, Part 3, s. 107, <https://www.legislation.gov.uk/ukpga/2015/11/part/3> and *Judgement in The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, paras. 12-14, 44.

<sup>59</sup> *Judgement in The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, paras 24, 34, 37.

<sup>60</sup> *Judgement in The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, paras 24, 34, 37.

<sup>61</sup> *Judgement in The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017, para. 37.

<sup>62</sup> *Judgement in Glencore Energy UK Ltd v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWHC 1476 (Admin), 29 June 2017'; *Judgement in The Queen (on the application of Glencore Energy UK Ltd) v the Commissioners for Her Majesty's Revenue and Customs*, [2017] EWCA Civ 1716, 2 November 2017

<sup>63</sup> Glencore Plc, *Preliminary results 2025* (18 February 2026), <https://www.glencore.com/.rest/api/v1/documents/static/d1a49c6b-9771-4bf1-9090-7c136aac8112/GLEN-2025-Preliminary-Results.pdf>

<sup>64</sup> Communication from Glencore Plc to TaxWatch, 26 March 2026.

<sup>65</sup> Communication from Glencore Plc to TaxWatch, 26 March 2026.

<sup>66</sup> Financial statements for Glencore Energy UK Ltd filed with UK Companies House for years ending 31 December 2016 to 31 December 2024.

<sup>67</sup> 'Investigation regarding the audit of Glencore plc and its subsidiary Glencore Energy UK Limited by Deloitte LLP', press notice, Financial Reporting Council, 23 July 2025, <https://www.frc.org.uk/news-and-events/news/2025/07/investigation-regarding-the-audit-of-glencore-plc-and-its-subsidiary-glencore-energy-uk-limited-by-deloitte-llp/>

<sup>68</sup> Communication from Glencore Plc to TaxWatch, 26 March 2026.

<sup>69</sup> Glencore Energy UK Ltd, Financial Statements made up to 31 December 2024, Notes 11, 24.

<sup>70</sup> Assuming that the 2025 charging notice for tax year 2020 applies the DPT rate for profits arising before 1 April 2023 i.e. 25 percent.

<sup>71</sup> As well as claiming that this derivatives contract engages the 'disallowable purposes' legislation at Corporation Tax Act 2009, s. 690 and 691, HMRC has also claimed at tribunal that two UK targeted anti-tax avoidance rules counteract the tax advantages of GENUK and GIAG's arrangements: a rule against 'disguised distributions' of profits via derivatives contracts (Corporation Tax Act 2009, s. 596A), and a rule against 'avoidance schemes involving the transfer of corporate profits' (Corporation Tax Act 2009, s. 1305A). See *Glencore Energy UK Ltd & Glencore International AG v The Commissioners for Her Majesty's Revenue and Customs*, First-Tier Tribunal

(Tax Chamber), [2019] UKFTT 0438 (TC), Decision, 5 July 2019, para. 6,  
<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j11215/TC07252..pdf>

<sup>72</sup> Communication from Glencore Plc to TaxWatch, 26 March 2026.

<sup>73</sup> Communication from Glencore Plc to TaxWatch, 26 March 2026.

<sup>74</sup> Glencore Plc, *Preliminary results 2025* (18 February 2026), pp. 11, 59  
<https://www.glencore.com/.rest/api/v1/documents/static/d1a49c6b-9771-4bf1-9090-7c136aac8112/GLEN-2025-Preliminary-Results.pdf> ; Glencore Energy UK Ltd, Financial Statements made up to 31 December 2024, Notes 11, 24.

<sup>75</sup> Communication from Glencore Plc to TaxWatch, 26 March 2026; Financial statements for Glencore Energy UK Ltd filed with UK Companies House for years ending 31 December 2016 to 31 December 2024.

<sup>76</sup> Cases where potential tax repayments exceed £100m.

<sup>77</sup> HMRC, *Annual Report and Accounts 2024-25*, p. 220, Note 6.2,  
[https://assets.publishing.service.gov.uk/media/687e5d318adf4250705c96d8/HMRC\\_annual\\_report\\_and\\_accounts\\_2024\\_to\\_2025.pdf](https://assets.publishing.service.gov.uk/media/687e5d318adf4250705c96d8/HMRC_annual_report_and_accounts_2024_to_2025.pdf)

<sup>78</sup> HMRC, *Transfer Pricing and Diverted Profits Tax statistics: 2023 to 2024* (27 January 2025),  
<https://www.gov.uk/government/publications/transfer-pricing-and-diverted-profits-tax-statistics-2023-to-2024/transfer-pricing-and-diverted-profits-tax-statistics-2023-to-2024>

<sup>79</sup> HMRC, response to TaxWatch Freedom of Information request FOI2026/00018, 30 January 2026.

<sup>80</sup> Glencore Energy UK Ltd and Glencore International AG v The Commissioner's for Her Majesty's Revenue and Customs, [2019] UKFTT 0438 (TC), Decision, 5 July 2019, para. 6,  
<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j11215/TC07252..pdf>

<sup>81</sup> Glencore Energy UK Ltd and Glencore International AG v The Commissioners for Her Majesty's Revenue and Customs, First-Tier Tribunal (Tax Chamber), [2019] UKFTT 0438 (TC), Directions given 19 and 20 June 2019, <https://www.bailii.org/cgi-bin/format.cgi?doc=/uk/cases/UKFTT/TC/2019/TC07252.html>

<sup>82</sup> HMRC, *International Manual: INTM489878 - Diverted Profits Tax: customer engagement with HMRC: Diverted Profits Tax and Treaties* (updated 12 February 2026), <https://www.gov.uk/hmrc-internal-manuals/international-manual/intm489878>

<sup>83</sup> Communication from HMRC to TaxWatch, 25 March 2026.

<sup>84</sup> Glencore Energy UK Ltd and Glencore International AG v The Commissioner's for Her Majesty's Revenue and Customs, [2019] UKFTT 0438 (TC), Decision, 5 July 2019, para. 14,  
<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j11215/TC07252..pdf>

- <sup>85</sup> Glencore Energy UK Ltd and Glencore International AG v The Commissioner's for Her Majesty's Revenue and Customs, [2019] UKFTT 0438 (TC), Decision, 5 July 2019, para. 25, <https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j11215/TC07252..pdf>
- <sup>86</sup> Communication from HMRC to TaxWatch, 26 March 2026.
- <sup>87</sup> Communication from HMRC to TaxWatch, 25 March 2026.
- <sup>88</sup> Communication from Glencore Plc to TaxWatch, 26 March 2026.
- <sup>89</sup> OECD, *Commentary on Model Tax Convention on Income and on Capital 2017* (25 April 2019), C(25)-21, [https://www.oecd.org/content/dam/oecd/en/publications/reports/2019/04/model-tax-convention-on-income-and-on-capital-2017-full-version\\_g1g972ee/g2g972ee-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2019/04/model-tax-convention-on-income-and-on-capital-2017-full-version_g1g972ee/g2g972ee-en.pdf)
- <sup>90</sup> Professor Sol Picciotto, *What have we learned about international tax disputes?*, Summary Brief No 7, International Centre for Tax and Development (December 2016), [https://opendocs.ids.ac.uk/articles/report/What\\_Have\\_We\\_Learned\\_About\\_International\\_Tax\\_Disputes\\_Diff\\_rends\\_internationaux\\_sur\\_le\\_sujet\\_de\\_la\\_fiscalit\\_/26484097?file=48259228](https://opendocs.ids.ac.uk/articles/report/What_Have_We_Learned_About_International_Tax_Disputes_Diff_rends_internationaux_sur_le_sujet_de_la_fiscalit_/26484097?file=48259228)
- <sup>91</sup> Communication from HMRC to TaxWatch, 25 March 2026.
- <sup>92</sup> Quoted in M. Hearson and T.N. Tucker, "'An Unacceptable Surrender of Fiscal Sovereignty': The Neoliberal Turn to International Tax Arbitration", *Perspectives on Politics*, Vol. 21 (1), Cambridge University Press: 2023, pp. 225-240, <https://www.cambridge.org/core/journals/perspectives-on-politics/article/an-unacceptable-surrender-of-fiscal-sovereignty-the-neoliberal-turn-to-international-tax-arbitration/C3E4CDD17A00C985AEFC782CB3ADC2D0>
- <sup>93</sup> <https://www.oecd.org/en/topics/dispute-resolution-in-cross-border-taxation.html>
- <sup>94</sup> HMRC, *Statement of Practice 1* (2018), <https://www.gov.uk/government/publications/statement-of-practice-1-2018/statement-of-practice-1-2018>
- <sup>95</sup> HMRC, *Transfer Pricing and Diverted Profits statistics: 2024 to 2025* (11 March 2026), <https://www.gov.uk/government/publications/transfer-pricing-and-diverted-profits-tax-statistics-2024-to-2025/transfer-pricing-and-diverted-profits-tax-statistics-2024-to-2025>; OECD, *Frequently Asked Questions on the Mutual Agreement Procedure (MAP) Statistics* (November 2022), p. 3, <https://www.oecd.org/content/dam/oecd/en/topics/policy-issue-focus/map-statistics/map-statistics-faqs.pdf>
- <sup>96</sup> Communication from Glencore Plc to TaxWatch, 26 March 2026.
- <sup>97</sup> HMRC, *Policy Paper: Mutual Agreement Procedure (MAP) decisions relating to the Diverted Profits Tax* (27 October 2021), <https://www.gov.uk/government/publications/mutual-agreement-procedure-map-decisions-relating-to-the-diverted-profits-tax/mutual-agreement-procedure-map-decisions-relating-to-the-diverted-profits-tax>; Finance Act 2022, Part 1, s. 27; TaxWatch correspondence with Professor Sol Picciotto, 10 February 2026.

<sup>98</sup> HMRC, *International Manual: INTM423080 - Transfer pricing: methodologies: Mutual Agreement Procedure: Arbitration* (updated 16 March 2026), <https://www.gov.uk/hmrc-internal-manuals/international-manual/intm423080>

<sup>99</sup> Professor Sol Piciotto, *What have we learned about international tax disputes?*, Summary Brief No 7, International Centre for Tax and Development (December 2016), [https://opendocs.ids.ac.uk/articles/report/What Have We Learned About International Tax Disputes Diff rends internationaux sur le sujet de la fiscalit /26484097?file=48259228](https://opendocs.ids.ac.uk/articles/report/What%20Have%20We%20Learned%20About%20International%20Tax%20Disputes%20Diff%20rends%20internationaux%20sur%20le%20sujet%20de%20la%20fiscalit%20/26484097?file=48259228)

<sup>100</sup> OECD, *Transfer Pricing and Multinational Enterprises: Three Taxation Issues* (Reports of the OECD Committee on Fiscal Affairs, 1984), p.39, [https://www.oecd.org/content/dam/oecd/en/publications/reports/1984/10/transfer-pricing-and-multinational-enterprises\\_g1g191ee/9789264167803-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/1984/10/transfer-pricing-and-multinational-enterprises_g1g191ee/9789264167803-en.pdf)

<sup>101</sup> OECD, BEPS MLI matching database, <https://www.oecd.org/en/data/tools/beps-ml-matching-database.html>

<sup>102</sup> See OECD, *Commentary on Model Tax Convention on Income and on Capital 2017* (25 April 2019), C(25)-50 to C(25)-71, [https://www.oecd.org/content/dam/oecd/en/publications/reports/2019/04/model-tax-convention-on-income-and-on-capital-2017-full-version\\_g1g972ee/g2g972ee-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2019/04/model-tax-convention-on-income-and-on-capital-2017-full-version_g1g972ee/g2g972ee-en.pdf)

<sup>103</sup> *Switzerland-UK memorandum of understanding on arbitration under Article 24 of the Convention* (16 June 2021), <https://www.gov.uk/government/publications/switzerland-tax-treaties/switzerland-uk-memorandum-of-understanding-on-arbitration-under-article-24-of-the-convention>

<sup>104</sup> OECD, BEPS MLI matching database, <https://www.oecd.org/en/data/tools/beps-ml-matching-database.html>

<sup>105</sup> Communication from Glencore to TaxWatch, 26 March 2026.

<sup>106</sup> Glencore Plc, *Annual Report 2019*, p. 194, <https://www.glencore.com/.rest/api/v1/documents/5a08fe1942f92df7f2301ac3681e23aa/glen-2019-annual-report-interactive.pdf> ; Glencore Plc, *Annual Report 2025*, p. 173, <https://www.glencore.com/.rest/api/v1/documents/static/9b103e11-72e7-40bf-ae7c-eabe57361522/GLEN-2025-Annual-Report.pdf>

<sup>107</sup> Glencore Plc, *Annual Report 2023*, p. 220, <https://www.glencore.com/.rest/api/v1/documents/static/d09d8212-4a9f-4034-b2d4-49152e5a0aff/GLEN-2023-Annual-Report.pdf> ; Glencore Plc, *Annual Report 2025*, p. 173, <https://www.glencore.com/.rest/api/v1/documents/static/9b103e11-72e7-40bf-ae7c-eabe57361522/GLEN-2025-Annual-Report.pdf>

<sup>108</sup> Glencore Plc, *Annual Report 2022*, pp. 5, 70, <https://www.glencore.com/.rest/api/v1/documents/ded10fa92974aa388a43aa9f86f483e9/GLEN-2022-Annual-Report.pdf>

<sup>109</sup> International Energy Agency, 'IEA Member countries to carry out largest ever oil stock release amid market disruptions from Middle East conflict', Press release 11 March 2026, <https://www.iea.org/news/iea-member-countries-to-carry-out-largest-ever-oil-stock-release-amid-market-disruptions-from-middle-east-conflict>

<sup>110</sup> 'Who Determines Oil Prices? These Are The World's Top Traders', *Investors Business Daily*, 12 March 2026, <https://www.investors.com/news/oil-prices-iran-war-these-are-the-top-commodities-traders/> According to 2024 trading volumes, Glencore ranked as the world's third-largest trader of oil and gas, after Vitol and Trafigura.

<sup>111</sup> F. Tan, B. Blanchard, S. Liu, 'Glencore, Taiwan refiner book tankers to load Middle East oil after ceasefire', *Reuters*, 9 April 2026, <https://www.reuters.com/business/energy/glencore-charters-supertanker-load-oil-middle-east-sources-say-2026-04-09/>

<sup>112</sup> Finance Act 2026, Schedule 5: Unassessed Transfer Pricing Profits, <https://www.legislation.gov.uk/ukpga/2026/11/schedule/5>

<sup>113</sup> Section 899 of the 2025 'One Big Beautiful Bill Act' provided for 'revenge taxes' against nationals of countries that instituted diverted profits taxes. Section 899 was eventually removed from the final Act before it was passed by US Congress.

<sup>114</sup> HMRC, *Policy Paper: Reform of UK law in relation to transfer pricing, permanent establishment and Diverted Profits Tax* (26 November 2025), <https://www.gov.uk/government/publications/the-reform-of-transfer-pricing-permanent-establishment-and-diverted-profits-tax/2002-reform-of-uk-law-in-relation-to-transfer-pricing-permanent-establishment-and-diverted-profits-tax>

<sup>115</sup> HMRC, *Transfer Pricing and Diverted Profits Tax Statistics 2024 to 2025* (11 March 2026), <https://www.gov.uk/government/publications/transfer-pricing-and-diverted-profits-tax-statistics-2024-to-2025/transfer-pricing-and-diverted-profits-tax-statistics-2024-to-2025>

<sup>116</sup> HMRC, *Transfer Pricing and Diverted Profits Tax statistics: 2024 to 2025* (11 March 2026), <https://www.gov.uk/government/publications/transfer-pricing-and-diverted-profits-tax-statistics-2024-to-2025/transfer-pricing-and-diverted-profits-tax-statistics-2024-to-2025>

<sup>117</sup> For a summary of these arguments, see e.g. OECD, *A Decade of the BEPS Initiative: An Inclusive Framework Stocktake Report to G20 Finance Ministers and Central Bank Governors* (2025), [https://www.oecd.org/content/dam/oecd/en/publications/support-materials/2025/10/a-decade-of-the-beps-initiative\\_d6b0d93a/a-decade-of-the-beps-initiative-highlights.pdf](https://www.oecd.org/content/dam/oecd/en/publications/support-materials/2025/10/a-decade-of-the-beps-initiative_d6b0d93a/a-decade-of-the-beps-initiative-highlights.pdf) ; and Ruth Mason, 'The Transformation of International Tax', *American Journal of International Law*, Vol. 114(3) (2020), pp. 353-402. The 2021 OECD global minimum tax deal has intensified these claims: US Treasury Secretary Janet Yellen said the deal would "end the race-to-the-bottom in corporate taxation" (US Treasury, *Statement from Secretary of the Treasury Janet L. Yellen On G7 Finance Ministers' Commitment to Global Minimum Tax*, 5 June 2021, <https://home.treasury.gov/news/press-releases/jy0214>). Prime Minister Rishi Sunak likewise said the deal would make "the right companies pay the right tax in the right place" ('Historic' G7 deal to stop global corporate tax avoidance welcomed by tech giants Google and Facebook', *Sky News*, 6 June 2021, <https://news.sky.com/story/g7-reaches-deal-on-tackling-corporate-tax-avoidance-in-proud-moment-12325400>).

<sup>118</sup> Toby Nangle, 'A Q&A with tax lawyer turned tax crusader Dan Neidle', *Financial Times*, 5 August 2025, <https://www.ft.com/content/72138fa7-f664-4fb0-90e7-f6793de8bbee>

<sup>119</sup> National Audit Office, *Taxing Large Businesses* (HC1647, 27 February 2026), pp. 6, 8, <https://www.nao.org.uk/wp-content/uploads/2026/02/taxing-large-businesses.pdf>

<sup>120</sup> Finance Act Schedule 19 Part 3.

<https://www.legislation.gov.uk/ukpga/2016/24/schedules/enacted> The Un-Cooperative Large Business Regime can apply to large businesses that engage in a notified tax avoidance scheme, which the Glencore arrangements are not; but also to those that have persistently "delayed or otherwise hindered HMRC in the exercise of their functions in connection with determining the liability to UK taxation of the group or a member of the group". The legislation gives examples of factors which may indicate such delay or hindrance, including: "the number and seriousness of inaccuracies in, and omissions from, documents given to HMRC by or on behalf of the UK group or members of the group"; and the extent to which "in dealings with HMRC, members of the group (or people acting on their behalf) have relied on interpretations of legislation relating to UK taxation which, at the time, are speculative" (i.e. "likely that a court or tribunal would disagree with it.") HMRC, response to TaxWatch Freedom of Information request FOI 2026/16563, 6 March 2026.

<sup>121</sup> HMRC, *Resolving Tax Disputes: Commentary on the litigation and settlement strategy* (updated October 2017), p. 7, para. 18, [https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC\\_Resolving\\_tax\\_disputes.pdf](https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC_Resolving_tax_disputes.pdf)

<sup>122</sup> HMRC, *Resolving Tax Disputes: Commentary on the litigation and settlement strategy* (updated October 2017), p. 6, para. 17, [https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC\\_Resolving\\_tax\\_disputes.pdf](https://assets.publishing.service.gov.uk/media/65a56f8d867cd800135ae8db/HMRC_Resolving_tax_disputes.pdf)

<sup>123</sup> HMRC communication to TaxWatch, 25 March 2026.

<sup>124</sup> 'MPs publish report on handling of tax disputes by HM Revenue and Customs', UK Parliament, 20 December 2011, <https://committees.parliament.uk/committee/127/public-accounts-committee/news/178246/mps-publish-report-on-handling-of-tax-disputes-by-hm-revenue-and-customs/>

<sup>125</sup> 'MPs publish report on handling of tax disputes by HM Revenue and Customs', UK Parliament, 20 December 2011, <https://committees.parliament.uk/committee/127/public-accounts-committee/news/178246/mps-publish-report-on-handling-of-tax-disputes-by-hm-revenue-and-customs/>

<sup>126</sup> HMRC, *Customer compliance: how HMRC's compliance yield is split by business area and our approach to tax compliance and large businesses* (5 November 2020), <https://www.gov.uk/government/publications/hmrc-annual-report-and-accounts-2019-to-2020/customer-compliance-how-hmrcs-compliance-yield-is-split-by-business-area-and-our-approach-to-tax-compliance-and-large-businesses>; National Audit Office, *Taxing Large Businesses* (HC1647, 27 February 2026), para. 2.10, <https://www.nao.org.uk/wp-content/uploads/2026/02/taxing-large-businesses.pdf>