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Ranking Facebook, Boris Johnson, Google On Taxes (Diplomatically Please)

Ambassadors are supposed to be diplomatic and suave. Yet even those of the diplomatic corp may occasionally get tongue-tied or utter ill-timed statements. Take U.S. Ambassador to Britain Matthew Barzun. He recently sounded not all that diplomatic about duty, compliance with law, and yes, even taxes.

Lee Rigby was a British soldier brutally murdered by an Islamic extremist outside his southeast London barracks in May 2013. His family laid at least a portion of the blame on Facebook. That was after a parliamentary inquiry found that Facebook failed to alert the authorities that one of the fundamentalist attackers had vowed online to kill a soldier. Privacy may be important, but reporting it could have made a critical difference.

First, Ambassador Barzun chose to [defend Facebook](#) over its failure to alert the security services information about the threat. That alone seemed insensitive, but the Ambassador went on to stick his diplomatic foot further in his mouth by talking about Facebook's taxes too. Taxes are safe, right? Not always.



Ambassador Barzun said that Facebook and Google are [simply obeying the rules](#) when they avoid taxes. Perhaps. Yet such companies have been criticized by the Chancellor of the Exchequer and by British lawmakers over the U.K. taxes they pay—or more exactly *fail* to pay. That topic has boiled over of late, yet the Ambassador suggested there was really no controversy, saying:

“These companies are clever about using the rules that exist. We made these rules and they are playing by them. My hope would be that if and when rules change, they will play by those new rules as well.”

George Osborne, the Chancellor of the Exchequer, has announced plans for a new tax on multinationals if they avoid tax by artificially shifting U.K. profits to other countries. The 25% tax on profits moved to tax havens is supposed to deter tax avoidance behaviors. But the American Ambassador appears to be in Facebook’s camp.

It is less clear how he feels about Americans abroad, which conceivably could include himself. The topic of tax planning and whether that is the same as tax avoidance led to Mayor’s own Mayor [Boris Johnson](#). In fact, in light of Facebook and Google tax planning, Ambassador Barzun was asked about the Mayor’s taxes.

After all, the London Mayor was born in the U.S. and has dual UK and American citizenship. Ambassador Barzun declined to answer whether Mayor Johnson should fork over his contested U.S. taxes. After all, the Ambassador can’t comment on individual cases. Of course, then he went on to opine nonetheless.

“We have our rules and we expect people to play by them,” the Ambassador said. “If you get the benefits of being an American citizen, you pay your fair share in taxes. That’s a general point about American citizens generally, not any specific ones who may or may not have been named earlier.”

Ah, right, not any specific ones, mind you. In contrast, Mayor Johnson looks positively statesmanlike, with a Churchillian jowl and a pulls-no-punches view about America’s good-for-us-bad-for-you global tax system. During an [interview with NPR](#), Mayor Johnson complained that he had been hit with an IRS demand. Mr. Johnson thinks it is outrageous to tax U.S. citizens everywhere no matter what. Asked whether he would pay the bill, Johnson replied:

“No is the answer. I think it’s absolutely outrageous. Why should I? I think, you know, I’m not a ... I, you know, I haven’t lived in the U.S. for, you know, well, since I was five years old ... I pay the lion’s share of my tax, I pay my taxes to the full in the U.K. where I live and work.”

Johnson has pressed the U.S. Embassy to pay unpaid congestion charges. The Embassy says it is a tax and diplomats are immune! When President Obama was in the U.K. in 2011, Mayor Johnson reportedly asked him for a [£5 million cheque for unpaid congestion charges](#), but the U.S. Ambassador intervened before President Obama could answer. By last year the amount the U.S. Embassy owed [more than £7 million!](#)

In that sense, maybe this is just all about payback. After all, more than a few people now seem to think that the IRS is the Obama administration [Obama administration was involved in IRS Targeting](#).

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