

Lawmakers accuse Google of dishonesty over taxes

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A senior British lawmaker has described Google as "evil" and accused the US internet giant of unethically avoiding paying vast amounts of tax in Britain.

U.K. lawmakers subjected search giant Google to blistering criticism Thursday, accusing the U.S. Internet company of playing games with Britain's tax rules to avoid paying what it owed.

In his second appearance before Parliament in roughly six months,

Google Vice President Matt Brittin tried to defend his company's complex corporate structure to a committee of skeptical U.K. politicians, many of whom seemed unconvinced by his assertion that Google was being transparent about how it paid its bills.

After two hours of sharp questioning, committee chairwoman Margaret Hodge accused Brittin of "devious, calculated and, in my view, [unethical behavior](#) in deliberately manipulating the reality of your business in order to avoid paying your fair share of tax to the common good."

"You are a company that says you do no evil and I think that you do do evil in that you use smoke and mirrors to avoid paying tax."

Brittin countered that his company's employees "fully comply with the law."

Google is one of several major multinationals—including Amazon, [Facebook](#) and [Starbucks](#)—whose convoluted corporate structures and disproportionately low tax bills have drawn increased attention in Britain and elsewhere.

Google, one of the world's most visible companies, has attracted particularly close scrutiny. The company has paid less than 0.1 percent of its billions in U.K. revenue back to the government in tax. In the first quarter of this year it made \$1.3 billion in revenue from the UK, according to a Google release. The company justifies low taxes by saying that the overwhelming majority of [sales](#) actually occur at the company's European head office in Dublin.

The ins and outs of what makes a company's revenue taxable in Britain are complicated, but much hinges on where the sales take place. At his first hearing back in November, Brittin said that sales didn't take place in Britain. Staff at Google's brightly-colored London office promoted the

company's products, he said, but the sales took place in Ireland—which has a knockdown 12.5 percent corporate tax rate.

An investigation by the Reuters news agency cast doubt on those claims, revealing that Google advertised for sales jobs in London, that London-based Google employees advertised themselves as sales people on professional networking profiles, and that many of Google's clients believed that the London staffers they were dealing with were sales people.

Brittin acknowledged that Google employed "people with sales skills."

"Some of them have sales in their title," he said. "I'm sure customers will feel they feel sold to by the teams."

But they weren't, he insisted.

"No money changes hands," he said. "To be clear the transaction is completed with Google Ireland."

[Lawmakers](#) were unimpressed.

"It doesn't make sense to your own staff, it doesn't make sense to this committee, and it doesn't make sense to your own clients," said Hodge. "The only one it makes sense to is [Google](#)."

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