

France's Hollande slams Internet giants on tax

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French President Francois Hollande (C) visits the headquarters of the online retail company 'Vente-privee.com', in Paris, France, on February 6, 2014

President Francois Hollande said Thursday that France would not continue to tolerate the tax optimisation strategies used by multinational Internet giants like Google.

"This is not acceptable and that is why, at both the European and the

global level, we must ensure that [tax](#) optimisation... can be called into question," Hollande said on a visit to the offices of Internet sales company vente-privee.com in the Paris suburbs.

His comments follow reports that France is seeking one billion euros (\$1.36 billion) in tax from Google over its fiscal strategies.

"Everyone must be in the same competitive situation, including on the fiscal level," Hollande said.

"When I go to the United States in a few days, we have agreed with President (Barack) Obama to make this effort on tax harmonisation," he said.

Hollande is making a state visit to the United States from February 10 to 12, during which he will meet with major tech firms including Google, Facebook and Twitter in Silicon Valley.

Magazine Le Point reported on Tuesday that Paris has decided to make the claim against Google, though neither the company nor tax authorities would confirm it.

France is one of a growing number of nations to pursue more aggressively what they see as abuse of tax and accounting rules that allows some multinational companies to pay less tax.

French tax inspectors searched Google's Paris offices in June 2011 as it opened a probe into how the company implements transfer pricing between its different units—a strategy many multinationals use to shift revenue and tax liability between countries.

Google has reduced the amount of tax it pays in France by funnelling most of its revenue through a Dutch-registered intermediary and then to

a Bermuda-registered holding, Google Ireland Limited, before reporting it in low-tax Ireland.

According to court documents obtained by AFP, Google France reported revenue of 192.9 million euros in 2012, and paid 6.5 million euros in tax on the 8.3 million euros of net profit it earned.

Industry analysts estimate that Google generated between 1.25 billion and 1.4 billion euros in revenue in France in 2011, mainly from Internet advertising.

Last year the Group of 20 advanced and developing nations endorsed an action plan to clamp down on tax avoidance which its creators say could lead to the biggest change in the global tax system since the 1920s.

France is also involved in a battle over \$252 million dollars of disputed back taxes with online retailer Amazon, which channels all its European earnings through Luxembourg to take advantage of the Duchy's low corporate tax rates.

Starbucks came under fire over a complex pan-national company structure that enabled it to declare its operations in Britain to be non-profitable for years despite a huge network of coffee outlets.

A 'shaming' campaign by lawmakers resulted in the company paying corporation tax in Britain last year for the first time in five years.

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