

Ireland says Yahoo! move is good business, not tax trick

February 7 2014, by Aurélia End



Irish Prime Minister Enda Kenny attends a special conversation event at the OECD headquarters in Paris on February 7, 2014

Ireland is not a tax haven and Internet giants such as Yahoo! are attracted to the low-tax country for sound business reasons, the Irish prime minister insisted on Friday, fending off a French attack.

"The concept of tax haven has nothing to do with Ireland," Irish Prime

Minister Enda Kenny told a debate at the headquarters of the Organisation for Economic Cooperation and Development.

"At European level we have made efforts to develop digital single market," he said.

"The regulatory system that we have in Ireland is a model that could be used in any other European country."

On Thursday, French President Francois Hollande had struck out at "tax optimisation" by Internet giants which have been in the front line recently of criticism that multinationals shop around and artificially pump declarable profits into low-tax countries.

This was "not acceptable" and competition conditions, including tax liabilities, should be the same for all players, Hollande said.

"We have to act with regard to these big well-known groups which lodge themselves in low-tax countries," he said in remarks taken to include Ireland.

Ireland came under attack, led by France, at the height of its debt rescue by the European Union and International Monetary Fund, to raise its baseline corporate tax rate from 12.5 percent.

But Ireland steadfastly refused, and argued successfully that this was not much lower than many effective rates elsewhere in the eurozone and that raising taxes would cripple its recovery.

Irish Prime Minister Enda Kenny hit back on Friday at the latest criticism saying that Yahoo! wanted to follow the example of all the big Internet groups which are already installed in Ireland.

"We have been very clear about this all along, our tax rate is 12.5 percent, 11.9 effective, it is a matter of national competence."

Deputy Prime Minister Eamon Gilmore, asked about a recent decision by US Internet information group Yahoo! to group its user services and personal data operations for Europe, Africa and the Middle East in Ireland, said that this was not surprising.

"Ireland has to some extent become an Internet capital," he said.

Recently in France, the website lepoint.fr reported that French tax authorities were seeking 1.0 billion euros (\$1.36 billion) in back tax from Internet giant Google, alleging that it had minimised tax payable on activities in France by routing the liability to its operations in Ireland.

Gilmore insisted that Ireland cooperated fully with the OECD in its work on [tax](#) optimisation aimed at developing common rules for such practices which may be legal, albeit artificial.

"There is scope for improvement at international level," he said.

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Citation: Ireland says Yahoo! move is good business, not tax trick (2014, February 7) retrieved 7 May 2024 from <https://phys.org/news/2014-02-ireland-yahoo-good-business-tax.html>

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