

French look at ways to curb tax avoidance by Internet giants

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France could impose new levies to frustrate tax avoidance strategies used by Internet commerce giants like Google and Amazon, a study says

New levies could be imposed to frustrate tax avoidance strategies currently used by Internet commerce giants like Google and Amazon, according to a report by a French government body released Monday.

"Specific new fiscal tools could be envisaged, at the European level or in a core group of countries to counter the tax optimisation strategies" of

Internet giants, said the report by France Strategie, a body that advises the French prime minister's office.

Complex, but legal, tax structures have allowed companies such as Amazon and Google to pay little profit tax in most European countries although they generate hundreds of millions in profits in these markets.

With European governments cutting spending as they struggle to reduce their deficits and debt, such tax avoidance by multinational firms has become a hot button issue and France has been one of the most vocal about the need to close such tax and accounting loopholes.

Using a practice known as transfer pricing, multinationals charge their subsidiaries in each country for use of intellectual property and most profits are then shown in European countries which have lower corporate tax rates, such as Ireland where Google has its European headquarters.

To get around such strategies the report suggested taxing advertising revenue, which can be used as an approximation of the profit generated in the country.

French tax inspectors searched Google's Paris offices in June 2011 as they looked into how the [company](#) used transfer pricing, lowering profits reported in France on advertising sold in the country and thus taxes paid there.

Taxes could also target the number of users on a platform, either consumers or advertisers, or on the amount of data transferred.

It also suggested higher taxes on companies which stock data on users and sell it.

France has already moved against online companies located outside of the country but selling video content to French consumers by making them pay sales [tax](#).

France wanted to make sure companies like Netflix, but also Google and Amazon, do not escape paying taxes that companies based in the country must pay to help subsidise movie and TV production.

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