

Google coughs up 306 million euros in Italy tax settlement

May 4 2017



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Google said Thursday that it would pay 306 million euros (\$334 million) to settle a tax dispute in Italy, where it was under criminal investigation for booking profits generated in the country in Ireland.

In a move echoing a similar settlement with Apple in December 2015,

Italy's tax agency said the payment settled Google's liabilities between 2009 and 2013, the period under investigation by Italy's Financial Police (GdF) coordinated by the chief public prosecutor in Milan.

The settlement also puts an end to separate disputes covering the periods of 2002-2006 and 2014-2015.

"We have also begun the process of drawing up an agreement that will ensure Google pays the correct taxes in Italy in the future," the tax agency said in a statement.

"The agency confirms its commitment to pursue fiscal controls on the activities of web-based multinationals in Italy."

Google confirmed it had reached an agreement with the authorities without commenting on whether it accepted the revenue's calculations.

The company has defended the legality of channelling European earnings through its base in Ireland, which has one of the lowest corporate tax rates in the European Union.

"Google and the Italian Revenue Agency have reached a settlement, resolving a tax inquiry for a period between 2002 and 2015 without litigation," a spokesman said.

"In addition to the corporation tax already paid in Italy for these years, Google will pay an additional 306 million euros.

"Of this, over 303 million has been attributed to Google Italy and less than 3 million attributed to Google Ireland. We remain committed to Italy and will continue to help grow the online ecosystem."

Amazon next in line?

Apple paid 318 million euros at the end of 2015 to settle a dispute over Italian earnings dating back to 2008.

Reports at the time said the payment was a discounted settlement of over 800 million euros of unpaid corporation tax, one of several disputes arising from a US multinational basing European operations in Ireland.

Local media reports say Amazon is next in the Italian tax agency's firing line.

The Milan prosecutor was reportedly handed a file last week which says the American online retailer owes 130 million euros. That dispute is related to the company's channelling earnings through Luxembourg.

Amazon has defended its returns in Italy, saying its heavy investments in the country explain its low profits and therefore its tax bill.

The tax affairs of multinationals in increasingly open developed economies have come under intense scrutiny in recent years.

At a time of widespread fiscal austerity in Europe, controversy has mounted over cross-border corporations that "shop around" between different countries for the most advantageous deals, sometimes resulting in secret and potentially illegal "sweetheart" arrangements.

American lawmakers, meanwhile, are demanding that US-based multinationals repatriate more of their profits and pay taxes on them.

The companies insist that they are operating within the law: Apple chief executive Tim Cook memorably termed the notion of his company stashing cash overseas as "political crap".

Citation: Google coughs up 306 million euros in Italy tax settlement (2017, May 4) retrieved 3 May 2024 from <https://phys.org/news/2017-05-google-million-euros-italy-tax.html>

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