Google endorses 'international tax deal' for multinationals

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Google said Thursday it supports a global agreement on taxation that could allocate more taxes from multinationals to jurisdictions outside their home countries.

"We support the movement toward a new comprehensive, international framework for how multinational companies are taxed," said a blog post from Karan Bhatia, Google's vice president for public affairs and public policy.

"Corporate income tax is an important way companies contribute to the countries and communities where they do business, and we would like to see a tax environment that people find reasonable and appropriate."

The announcement from Google comes with Group of 20 leaders discussing plans for a global tax system that aims to help some countries get more revenue from tech firms.

At the same time France is moving toward imposing its own tax on digital giants based on revenue instead of profits amid opposition from Washington.

Google said the change would probably mean Silicon Valley tech giants would pay less in the United States and more in other jurisdictions, in a departure from the longstanding practice of paying most taxes in a company's home country.

Google said its overall global tax rate has been around 23 percent for the past 10 years, in line with the 23.7 percent average rate across the members of the Organization for Economic Cooperation and Development, and that most of this is paid in the United States.

"We're not alone in paying most of our corporate income tax in our home country," Bhatia said.

"That allocation reflects longstanding rules about how corporate profits should be split among various countries. American companies pay most of their corporate taxes in the United States—just as German, British, French and Japanese firms pay most of their corporate taxes in their home countries."

Google said a global agreement could avoid squabbles on the best way to allocate taxes from digital giants.

"Without a new, comprehensive and multilateral agreement, countries might simply impose discriminatory unilateral taxes on foreign firms in various sectors," Bhatia said.

"Indeed, we already see such problems in some of the specific proposals that have been put forward. That kind of race to the bottom would create new barriers to trade, slow cross-border investment, and hamper economic growth."

A new treaty, he said, "will restore confidence in the international tax system and promote more cross-border trade and investment. "

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