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IKEA - Flat pack tax avoidance

A report commissioned by the Greens/EFA

This research builds on previous investigations to quantify how much several European countries are losing in tax because of IKEA's tax planning strategies. With most of its retail activities located in Europe, we prove that IKEA is using a series of tax loopholes in different European countries, namely the Netherlands, Belgium and Luxembourg to avoid paying taxes.

One of the techniques is shifting royalties from each IKEA store to a subsidiary in the Netherlands, which acts as a conduit. The royalties go in and out the Netherlands untaxed and end up in Liechtenstein (or at least partly). And for 2014 alone, we estimate it amounts to €35 million of missing tax revenues in Germany, €24 million in France and €11.6 million in the UK. Countries like Sweden, Spain and Belgium are likely losing between €7.5 and €10 million as well.

The report also shows that the European Corporate Tax Package, recently presented by the European Commission, does not fully address these concerns and will still allow IKEA and other multinationals to practice agressive tax avoidance. While this package may address the "offshore dimension" of tax havens, it does not seem to apprehend the reality of tax competition between EU countries themselves.

At a time when the Netherlands holds the Presidency of the European Union, this report therefore also aims at identifying needed additional national and European corporate tax reforms. It should prompt various authorities to investigate IKEA's practices as well as the national-level laws and tax arrangements which facilitate them.

- Download full report on IKEA tax avoidance scheme
- Infographics - IKEA tax avoidance scheme
  also available in **FR** - **DE** - **ES** - **CAT** - **SV** - **FI** - **NL**

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