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Corporate Tax Avoidance

Greens uncover new tax scandal involving chemicals giant BASF

The Greens/EFA group in the European Parliament has uncovered that chemical giant BASF used aggressive tax strategies and a series of 'tax tricks' to avoid paying almost a billion euros in tax over a five year period between 2010 and 2014.

The new revelations come ahead of a meeting between EU finance ministers tomorrow in Brussels where they will discuss the Commission's recent proposals for a Common Consolidated Corporate Tax Base, aimed at establishing a single set of rules to calculate companies' taxable profits in the EU [1].

The report commissioned by the Greens/EFA Group in the European Parliament [2] presents research findings into BASF's use of aggressive tax planning strategies in a number of European countries including Belgium, Malta, the Netherlands and Switzerland. The report estimates that BASF used such strategies to avoid €923 million worth of tax over the 5-year period from 2010 to 2014.

Commenting on the findings of the research, Green economic and finance spokesperson and member of the European Parliament's inquiry committee on the Panama Papers **Molly Scott Cato** said:

"Another giant corporation; another huge tax fiddle. This report reveals the extraordinary lengths that corporations will go to dodge paying the taxes we all need to fund the services and infrastructure needed in a civilized society.

"A key lesson from these fresh revelations is that if we are to fulfil the European Commission's goal of ensuring multinationals pay tax where they generate value and profits, we will need a radical overhaul of the way the international tax system is governed. The report makes clear this must include public Country-by-Country-Reporting (CbCR), a Common Consolidated Corporate Tax Base (CCCTB) and a minimum corporate income tax throughout the European Union.

"I welcome the re-launch of the Common Consolidated Corporate Tax Base by the Commission. This is a really important step and will put to an end the fiction that subsidiaries of the same multinational are completely independent entities."

"The worry is that for the UK this could all be academic post-Brexit as the May government seems determined

to detach the UK from the positive actions taking place inside the EU on tackling tax dodging. The May government seem to have fired the starting gun for a race to the bottom on tax competition. This will leave the UK as a leading global tax haven by the time we reach the Brexit finishing line.”

The report into the tax affairs of BASF is the latest in a series the Greens/EFA group is working on to expose corporate tax avoidance; it follows a report on IKEA’s tax practices in February 2016 [3]. The Greens/EFA group has made tax justice one of its political priorities and the group aims to demonstrate the negative impact of tax havens and the need for greater public transparency.

Notes:

- [1] https://ec.europa.eu/taxation_customs/business/company-tax/common-consolidated-corporate-tax-base-ccctb_en
- [2] Attached: the full report is accessible on our website:
/legacy/fileadmin/dam/Documents/TAXE_committee/ToxicTaxDealsVF2.pdf
- [3] <http://www.greens-efa.eu/corporate-tax-avoidance-15176.html>

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