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Press release | 21.10.2015

State aid/Fiat-Starbucks

EU Commission decision strikes important blow against sweetheart tax avoidance deals

The European Commission today presented its findings of investigations into illegal state aid regarding special tax agreements benefitting Fiat (in Luxembourg) and Starbucks (in the Netherlands) (1). The Commission found that the 'tax rulings', which enabled the companies to relocate their profits to the respective jurisdictions in order to avoid their corporate tax responsibilities, amount to illegal state aid and requested the money to be paid back by the two companies. Commenting on the decisions, Green economic and finance spokesperson **Molly Scott Cato** said:

"These decisions strike an important blow against the sweetheart tax deals, which multinationals have used as part of their strategy to avoid their tax responsibility. The Commission has found that these 'tax rulings' amount to illegal state aid and, as such, are not permitted under European law. This implies that the aggressive tax avoidance strategies that have been employed by a host of multinationals operating in Europe are not legal and a direct response must follow.

"It is important that the Commission now undertakes investigations into all similar tax rulings with companies. While the Commission has a couple of other important cases pending, the Luxembourg Leaks revelations showed that there are over 350 large companies benefitting from sweetheart deals and we know that Luxembourg is far from alone in this practise, so the Commission is so far only dealing with the tip of the iceberg."

Green economic and finance spokesperson **Bas Eickhout** added:

"While these findings are welcome, they also reveal a flaw in the EU's state aid rules that needs to be addressed. The money to be reimbursed by companies should not swell the coffers of those member states which, through these sweetheart deals, abetted the companies in avoiding their tax responsibility. Instead, the recovered state aid should benefit citizens and taxpayers across Europe, whose national budgets have been deprived of revenue from these corporations.

"Clearly, state aid investigations are only one part of what must be a more comprehensive European response to addressing tax avoidance in Europe. So far, the Commission and EU member states have not been proactive on the other areas. We urgently need proper transparency on corporate taxation and finally proposing and agreeing on public country-by-country reporting obligations for companies would be an

important step to this end. Introducing a mandatory corporate tax base, with a minimum rate, would also help tackle tax dumping and the moves by companies to shift their profits to low tax jurisdictions to avoid their tax responsibility. We would urge the Commission to be more proactive on this."

(1) http://europa.eu/rapid/press-release_IP-15-5880_en.htm?locale=en

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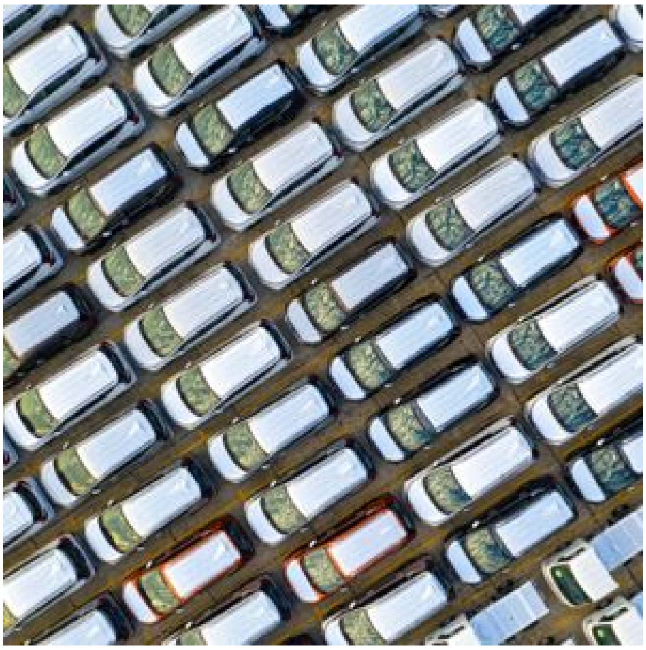

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Responsible MEPs

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