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Press release | 13.02.2016

Corporate tax avoidance

IKEA cheating EU governments out of massive tax revenue according to new research

A new investigative report on the tax strategy of furniture multinational IKEA has revealed the details of the system they employ to avoid paying their tax responsibility across the EU. The report, which was commissioned by the Greens/EFA group in the European Parliament, highlights how IKEA avoids paying tax on 84% of the €14.3 billion in royalty income it received from IKEA stores around the world, with an estimate of at least €1 billion in tax revenues being lost to EU member states over the past six years.

The Greens have written to EU competition commissioner Margrethe Vestager and tax commissioner Pierre Moscovici, presenting the report as evidence and urging the Commission to carry out a further investigation to verify possible infringement of EU law. Commenting on the findings and their consequences, UK Green MEP and tax policy spokesperson **Molly Scott Cato** said:

"IKEA has deliberately created this multi-layer company model to enable it shift hundreds of millions of Euro through several EU tax havens and make sure it remains untaxed when partially ending up in Liechtenstein. Like their flat-pack furniture, putting together the pieces takes time but the end result is just as simple: large scale avoidance of their tax responsibilities across Europe and beyond. This cynical 'tax hopping' is reprehensible and we want the European Commission to fully investigate if and how it infringes on EU law and take action to address this. EU finance ministers, for their part, should work immediately on trying to recoup the tax revenues, which have been denied to them.
"IKEA is just the latest example of a major multinational going to great lengths to avoid its tax responsibility. While it is important for concerned organisations and the EU Commission to methodologically work through these cases and ensure they are all addressed, there is also an urgent need to change the regulatory framework and environment, which facilitates corporate tax avoidance in Europe. The foot-dragging by EU governments in this regard is incomprehensible.

"We badly need public country-by-country reporting rules for all sectors to provide transparency and ensure the tax strategies of corporations can be properly scrutinised; it is encouraging to hear that the Commission is working on proposals to this end. We also finally need a common consolidated corporate tax base and a minimum corporate tax rate to end the race to the bottom of tax dumping in Europe. However, all of this will require the active cooperation of EU governments and most have so far shown no enthusiasm for truly tackling corporate tax avoidance."

The report and main findings can be found at:

http://www.greens-efa.eu/corporate-tax-avoidance-15176.html

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