

Google avoids tax on £10bn

by Steve Nolan via sal - Daily Mail UK *Tuesday, Dec 11 2012, 10:54am*

international / prose / post

Close all loopholes -- International tax havens only serve the super rich

The bigger they are the less they are inclined to repay society; proven data manipulator, censor and cheat, Google, is no exception!



Internet giant Google avoided tax on £10billion revenue last year by doubling the amount of money put into a shell company in Bermuda.

Google's decision to move nearly 80 per cent of its pre-tax profits to the company, which is not subject to corporation tax on the Atlantic island, saw the company slash its overall tax rate almost in half - avoiding more than £1billion in payments.

News of the American company's latest legal attempt to avoid paying high levels of tax comes after MPs recently criticised firms including Google, who they claim are 'immorally' minimising tax bills.

The rerouting of revenues to Bermuda came to light in documents filed in the Netherlands last month according to Bloomberg.

Governments across Europe have been scrutinising tax avoidance by Google and other companies including Starbucks and Amazon in a bid to boost the coffers during the global recession, with tax avoidance reportedly costing the European Union some one trillion Euros a year.

Only last week, the European Commission urged member states to create a blacklist of tax havens and introduce new rules to prevent companies finding tax loopholes.

Google, which employs 2,000 people in the UK alone, claims that it abides by current tax laws and helps boost European economies by investing across the continent.

But the search engine has reportedly used similar so-called 'shelter tax strategies', known as the Dutch Sandwich and Double Irish, to dodge paying billions in tax

The firm said it paid just 3.2 per cent tax on its overseas profits last year, despite corporations being charged up to 34 per cent in many European countries.

Despite accounting for more than 10 per cent of its sales, Google paid £6million in UK income tax in 2011.

The company paid \$1.5billion worldwide in income tax.

Accountant Richard Murphy, a director of Tax Research LLP in Norfolk, told Bloomberg that the tax strategies employed by Google are deeply embarrassing to European governments

He said: 'The political awareness now being created in the UK, and to a lesser degree elsewhere in Europe is: It's us or them.

'People understand that if Google doesn't pay, somebody else has to pay or services get cut.'

Just last week Chancellor George Osborne pledged to wage war on multinational companies paying little or no tax.

In his Autumn Statement, he said he would give HM Revenue and Customs a further £77million to fight tax avoidance by wealthy individuals and global firms.

Earlier this year, the French Government proposed a hike on Google's income tax payments while the Italian Tax Police begin an audit on the firm last month.

The Australian assistant treasurer outlined Google's tax avoidance strategies in a speech last month, while calls have been made for a reform of tax laws in the US.

Matt Brittin, Google's vice president for Northern and Central Europe, said that the company concentrates its taxes where it creates 'economic value', mainly the U.S.

But Google still moves some of its profits from U.S. created technology to offshore subsidiaries to lower its tax bill stateside.

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