Towards greater tax transparency and fairer corporate taxation – the retail context

16 April 2015
TAXE committee

About us

• The only European Association for groups of independent retailers
• 16 companies:
About us

• 7 associations:
About us

- Together we are the voice of independent retail in Europe

✓ 23 groups and associations of groups in Europe
✓ Representing over 363,000 independent retailers

✓ A combined wholesale turnover of more than 313 billion euro
✓ A combined retail turnover of more than 770 billion euro

✓ More than 555,000 sales outlets
✓ More than 5.5 million jobs
Existing situation

- Retailers need to be competitive in the digital world
- Two main competitive factors in consumer sales (price and service)
- Retailers believe in competition and want to compete fairly
Barrier to competing fairly

- Comparison of tax rates
- Typical tax rate for corporation tax purposes for one of our members in northern Europe (a national player) 22 percent
- The rate of their main competitor (an international player) is allegedly less than one percent
Barrier to competing fairly

• How can one compete fairly on price and service if you are paying over 20% more in tax than your main competitor?

• Certain companies are being given an unfair advantage in the market
Consequences of the non-level playing field

- Tax burden shifted on easily controllable operators (SMEs, national players, and transparent multinationals)
- Those paying a fair taxation share are squeezed out of the market due to less ability to invest in price reductions/service improvements
Recommendations / food for thought to improve the current situation

• In some aspects a moral issue; not necessarily a legal one (tax avoidance is legal after all, as opposed to tax evasion)

• When a legal issue (discriminatory behaviour by Member States), launch cases and enforce state aid rules
Recommendations / food for thought to improve the current situation

- When a moral issue move towards increasing tax transparency

- Aim at behavioural change / encourage paying a fair share / evaluate rules on profit shifting

- E.g. Disclosure of corporate structures through incentivisation, look at ‘permanent establishment’ to promote ‘fair’ taxation (OECD BEPS action plan)
Thank you for your attention