

Luxembourg tax breaks said to aid over 300 firms

BRUSSELS

BY JAMES KANTER

The list of multinationals accused of using European jurisdictions to slash their tax bills grew much longer on Wednesday when a group of investigative reporters published findings that allege that more than 300 companies including Pepsi, Ikea and FedEx have benefited from preferential deals with the government of Luxembourg.

The findings, by the International Consortium of Investigative Journalists, are based on a trove of leaked documents that included 548 so-called comfort letters that the group said Luxembourg provides to corporations seeking favorable tax treatment.

“These companies appear to have channeled hundreds of billions of dollars through Luxembourg and saved billions of dollars in taxes,” the consortium reports in an article reviewing the findings, which was made available to the International New York Times late Wednesday.

The findings, based on nearly 28,000 pages of confidential documents that were obtained by the consortium, could make uncomfortable reading for Jean-Claude Juncker, the former prime minister of Luxembourg, who took office last Saturday as the president of the European Commission, the European Union’s executive body.

During his nearly two decades as prime minister of Luxembourg, Mr. Juncker helped oversee the transformation of his country, once reliant on farming and steel making, into a low-tax hub for banking and insurance, with one of the highest per capita incomes of any developed country.

Shortly before Mr. Juncker took his new post, the European Commission expanded an investigation into how Lux-

embourg provided tax incentives, adding Amazon to the inquiry. The commission had already begun similar investigations this year into the tax arrangements of a unit of Fiat in Luxembourg, Apple in Ireland and Starbucks in the Netherlands.

Asked about the tax cases on Wednesday before the release of the investigative journalists’ report had come to light, Mr. Juncker said he would allow the inquiries to proceed under the leadership bloc’s newly appointed competition commissioner, Margrethe Vestager.

“I will not stand in the way — that would be unacceptable,” Mr. Juncker said, referring to the Luxembourg tax cases. “I have some ideas on the topic, but I will keep my counsel.”

The consortium planned to release its report on the eve of a Thursday meeting of finance ministers from eurozone countries in Brussels, where the issue of Luxembourg’s preferential arrangements might be discussed.

Many multinationals have operations in Luxembourg despite its small size and a population of only about 525,000. But the country’s business model has prompted concerns among the European Union authorities that its policies create unfair advantages over other countries in the bloc.

On Friday, the eurozone ministers will be joined by their colleagues from all 28 European Union countries to discuss tax policies.

One country having lower tax rates than its neighbors is not against European Union rules. But it could be a violation if a country granted special deals to certain companies that were not available to others.

Efforts to seek comment from the Luxembourg government and some of the companies were still being made by the International New York Times on Wednesday evening in Europe.

Le agevolazioni fiscali in Lussemburgo sembra abbiano aiutato 300 aziende

