



**Independent
Retail Europe**

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

24 October 2017

About us

- The only European association for groups of independent retailers
- 16 companies:



European Marketing Distribution



About us

- 7 associations:



About us

- Together we are the voice of independent retail in Europe



- ✓ 23 groups and associations of groups in Europe
- ✓ A combined wholesale turnover of more than 313 billion euro
- ✓ Nearly 556,000 sales outlets
- ✓ Representing over 363,000 independent retailers
- ✓ A combined retail turnover of more than 770 billion euro
- ✓ 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)
- Our 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
- Political realities (redesign of global tax system feasible?)



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

