



TAXE committee

**Multinational corporations invited to the TAXE Special Committee  
16 November 2015  
Written replies**

**Amazon**

<b>Questions:</b>	<b>Replies</b>
<p>Question from Mme Joly: 1) Will you commit today in this democratic house in front of our committee to publicly disclose, even voluntarily, public country by country information (like banks do), especially : a) where you employ people, b) your turnover, c) your profits, d) your tax paid and e) public subsidies you receive ?</p>	<p>'On the question in relation to our views on CbC reporting, we would refer you to the comments we made in the hearing, where we outlined our support for the broader CbC initiative, whilst noting some important areas of concern around public reporting.'</p>
<p>Question from Mr De Masi: 'I would like to resubmit the following questions to representatives of Google, Facebook and Barclays. I kindly ask for a timely confirmation of the TAXE secretariat that these questions have been forwarded to the MNC representatives with a swift deadline for reply. Did your company ever pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member state (see for instance claims made by researchers here <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642</a>) whereby the payment was in direct relation to the amount of taxes saved through the service of that third party? If yes, could you please specify in which transactions such a relation existed, who the third parties were and which were the amounts involved in terms of payments and saved tax for your company? Even if this question has only been asked to the companies of the first panel due to the very limited setting of yesterday's hearing, I would nevertheless be grateful if the written form could also be extended to the companies of the second panel.'</p>	<p>'Further to your follow up question on the use of contingent fee arrangements, where fees are dependent on income taxes saved, we can confirm that Amazon does not as a point of principle enter into any such arrangements, and is also not aware of any such arrangements that have been entered into the past.'</p>

## Anheuser-Busch InBev

Questions:	Replies
<p>Question from Mme Joly:</p> <p>1) Will you commit today in this democratic house in front of our committee to publicly disclose, even voluntarily, public country by country information (like banks do), especially : a) where you employ people, b) your turnover, c) your profits, d) your tax paid and e) public subsidies you receive ?</p>	<p>Response to Ms Joly from AB InBev:</p> <p>'AB InBev welcomes the idea of country by country reporting (CBCR), as put forward by BEPS. We would emphasise that uniform implementation of a CBCR-standard around the world is essential to maintain a level playing field. The EU institutions have an important role to play in coordinating uniform implementation across the EU.</p> <p>AB InBev does not support public CBCR. Country by country information on turnover, profit, taxes and/or incentives could be used to derive detailed insights into a company's commercial strategy, and would put such a company at a significant competitive disadvantage compared to competitors in other jurisdictions where public CBCR is not required.</p> <p>AB InBev believes that the careful balance that has been struck by the OECD's BEPS proposal, with the recommendation to implement CBCR to government authorities only, is indeed the best proposal and is sufficient to achieve the transparency benefits which tax authorities will obtain from the proposed BEPS-style reporting.'</p>
<p>Question from Mr De Masi:</p> <p>I would like to resubmit the following questions to representatives of Google, Facebook and Barclays. I kindly ask for a timely confirmation of the TAXE secretariat that these questions have been forwarded to the MNC representatives with a swift deadline for reply.</p> <p>Did your company ever pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member state (see for instance claims made by researchers here <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=268564">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=268564</a>) whereby the payment was in direct relation to the amount of taxes saved through the service of that third party? If yes, could you please specify in which transactions such a</p>	<p>Response to Mr De Masi from AB InBev:</p> <p>'We can confirm that our advisors who advise us on tax matters and compliance are generally paid on a fixed fee or hourly fee basis. As such, we are not paying fees to or remunerating tax advisory or auditing firms or any tax administration in the EU whereby the amount of those fees is linked to the amount of corporate income taxes saved.</p> <p>In certain cases we may have arrangements in place with third parties whereby we pay these third parties on a success fee basis for recovery of indirect taxes – which would otherwise not be recoverable (e.g. for foreign VAT recovery on expense notes we may pay the company a success fee if we manage to recover it).'</p>

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relation existed, who the third parties were and which were the amounts involved in terms of payments and saved tax for your company?

Even if this question has only been asked to the companies of the first panel due to the very limited setting of yesterday's hearing, I would nevertheless be grateful if the written form could also be extended to the companies of the second panel.'

## Barclays Bank Group

Questions:	Replies
<p>Question from Mme Joly:</p> <p>1) Will you commit today in this democratic house in front of our committee to publicly disclose, even voluntarily, public country by country information (like banks do), especially : a) where you employ people, b) your turnover, c) your profits, d) your tax paid and e) public subsidies you receive ?</p>	<p>'The question concerned whether the multinationals attending the hearing would undertake public country by country reporting. The question acknowledges that EU banks undertake such reporting. As explained at the hearing, Barclays already does undertake public country by country reporting, and has chosen to make that disclosure in a manner that goes above and beyond the requirements of the Capital Requirements Directive that applies to EU banks.'</p>
<p>Question from Mr De Masi:</p> <p>I would like to resubmit the following questions to representatives of Google, Facebook and Barclays. I kindly ask for a timely confirmation of the TAXE secretariat that these questions have been forwarded to the MNC representatives with a swift deadline for reply.</p> <p>Did your company ever pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member state (see for instance claims made by researchers here <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642</a>) whereby the payment was in direct relation to the amount of taxes saved through the service of that third party? If yes, could you please specify in which transactions such a relation existed, who the third parties were and which were the amounts involved in terms of payments and saved tax for your company?</p> <p>Even if this question has only been asked to the companies of the first panel due to the very limited setting of yesterday's hearing, I would nevertheless be grateful if the written form could also be extended to the companies of the second panel.'</p>	<p>'The second question concerned whether fees had been paid to tax authorities of an EU member state or professional tax advisers, the amounts of which were in direct relation to the amount of taxes saved through the services provided. We are not aware of any cases where a fee has been paid by Barclays to a tax administration where that fee was dependent upon, or was directly related in any way to the scale of, a tax benefit. Although it is a relatively rare occurrence and is not significant in the context of Barclays' tax affairs, Barclays has sometimes engaged tax advisers in connection with claims for tax reliefs or refunds, where the fee due to the adviser in some way related to either the amount of the claim submitted or the amount of the claim agreed by the tax authority. We can illustrate this with the following example. Some jurisdictions provide tax relief for research and development expenditure. Barclays has used the services of tax advisers to review expenditure incurred on innovation to determine whether any of it qualifies for such tax relief, but preferred not to incur a fee to the professional adviser if a valid claim for relief was not identified. For this reason, in some cases the fee for reviewing the expenditure has been related to a valid claim being made by Barclays. Importantly any such claims for tax relief have been presented transparently to tax authorities, in line with Barclays' published Tax Principles.'</p>

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**Coca-Cola Company**

Questions:	Replies
<p>Question from Mme Joly:</p> <p>1) Will you commit today in this democratic house in front of our committee to publicly disclose, even voluntarily, public country by country information (like banks do), especially : a) where you employ people, b) your turnover, c) your profits, d) your tax paid and e) public subsidies you receive ?</p>	<p><u>On country-by-country information</u></p> <p>'We do not believe that information that will be required to be reported on a country by country basis should be publicly disclosed.'</p>
<p>Mme Joly - Questions for Coca-Cola:</p> <p>'Coca-Cola's operations in Europe in 2014 represented a bit more than 10% of its total turnover. This is an important market for your company but we have no information in your annual accounts on the fiscal contribution you are making on this continent.</p> <p>However, we do have information about Coca-Cola Hellenic Bottling Company, the second most important bottling company for Coca-Cola, created in Athens in the 1950s.</p> <p>In April 2013, Coca-Cola Hellenic Bottling Company decided to no longer be listed in Athens but in London and decided to move its headquarters from Athens to Zug in Switzerland. And surprisingly, you decided to make this decision just after the Greek authorities announced an increase of corporate tax rate in Greece.</p> <p>According to our estimations, this change of headquarter from Greece to Switzerland has generated in 2014 alone a tax savings for Coca-Cola Hellenic Bottling Company of more than €30 million and taxes being paid from now on in Switzerland rather than in Greece. When we know the difficult situation that Greece is in and the drastic austerity measures imposed on its population, I want to ask you :</p> <p>Ø Why did Coca-Cola decide to move the headquarters of the</p>	<p><u>On Coca-Cola Hellenic</u></p> <p>'Coca-Cola HBC AG (CCH) decided to take a primary listing on the LSE to create greater recognition among international investors, improve access to capital markets and enhance the attractiveness of CCH stock, thus increasing its liquidity. The move also increased the company's ability to access improved benchmarking with industry peers, enabling CCH to trade more in line with its fundamentals, with increased ability to access debt markets in the future on competitive terms to fund its business in the 28 countries in which it operates. The decision to establish the headquarters of the CCH Group in Switzerland was not a tax driven decision but driven by the need for greater stability in the economic and regulatory environment and ease of doing business. In addition, Switzerland is one of the existing CCH markets with easy access to other markets.'</p>

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<p>greek subsidiary to Switzerland if not to avoid paying millions in taxes in Greece where you have your real economic activity?</p>	
<p>Question from Mr De Masi:          'I would like to resubmit the following questions to representatives of Google, Facebook and Barclays. I kindly ask for a timely confirmation of the TAXE secretariat that these questions have been forwarded to the MNC representatives with a swift deadline for reply.          Did your company ever pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member state (see for instance claims made by researchers here <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642</a>) whereby the payment was in direct relation to the amount of taxes saved through the service of that third party? If yes, could you please specify in which transactions such a relation existed, who the third parties were and which were the amounts involved in terms of payments and saved tax for your company?          Even if this question has only been asked to the companies of the first panel due to the very limited setting of yesterday's hearing, I would nevertheless be grateful if the written form could also be extended to the companies of the second panel.'</p>	<p><u>On advisers fees</u>          'Our company does not pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member whereby the payment was in direct relation to the amount of income taxes saved through the service of that third party.'</p>

## Facebook

Questions:	Replies
<p>Question from Mme Joly:            1) Will you commit today in this democratic house in front of our committee to publicly disclose, even voluntarily, public country by country information (like banks do), especially : a) where you employ people, b) your turnover, c) your profits, d) your tax paid and e) public subsidies you receive ?</p>	<p>'We will continue to report our financial statement information as required, for example, by the SEC in the U.S. As new reporting requirements are adopted into law we will ensure our reporting practices are in compliance.'</p>
<p>Question from Mr De Masi:            'I would like to resubmit the following questions to representatives of Google, Facebook and Barclays. I kindly ask for a timely confirmation of the TAXE secretariat that these questions have been forwarded to the MNC representatives with a swift deadline for reply.            Did your company ever pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member state (see for instance claims made by researchers here <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642</a>) whereby the payment was in direct relation to the amount of taxes saved through the service of that third party? If yes, could you please specify in which transactions such a relation existed, who the third parties were and which were the amounts involved in terms of payments and saved tax for your company?            Even if this question has only been asked to the companies of the first panel due to the very limited setting of yesterday's hearing, I would nevertheless be grateful if the written form could also be extended to the companies of the second panel.'</p>	<p>'Facebook has not paid fees to third parties, including tax advice or auditing firms, or tax administrations, for tax advice, tax planning or other tax strategies, whereby the fees were based in direct relation to the amount of taxes saved by Facebook.'</p>

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**Google**

<b>Google</b>
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<b>Questions:</b>	<b>Replies</b>
<p>Question from Mme Joly:</p> <p>1) Will you commit today in this democratic house in front of our committee to publicly disclose, even voluntarily, public country by country information (like banks do), especially : a) where you employ people, b) your turnover, c) your profits, d) your tax paid and e) public subsidies you receive ?</p>	<p>'Lastly, in terms of disclosing where we employ people, our turnover, profit, tax paid, and public subsidies received, we currently make all of this information publicly available for EU countries via annual, statutory financial statements.'</p>
<p>Question from Mr De Masi:</p> <p>'I would like to resubmit the following questions to representatives of Google, Facebook and Barclays. I kindly ask for a timely confirmation of the TAXE secretariat that these questions have been forwarded to the MNC representatives with a swift deadline for reply.</p> <p>Did your company ever pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member state (see for instance claims made by researchers here <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642</a>) whereby the payment was in direct relation to the amount of taxes saved through the service of that third party? If yes, could you please specify in which transactions such a relation existed, who the third parties were and which were the amounts involved in terms of payments and saved tax for your company?</p> <p>Even if this question has only been asked to the companies of the first panel due to the very limited setting of yesterday's hearing, I would nevertheless be grateful if the written form could also be extended to the companies of the second panel.'</p>	<p>'In terms of how we pay our tax advisors, we seek independent advice and expertise to ensure compliance with the law. This is good practice for any multinational company operating in multiple jurisdictions with a range of tax rules. I am not familiar with arrangements where advisors are paid incentive fees for tax advice, nor would I advise Google to do so. As HSBC explained during the hearing, such incentive fees could lead to bad advice and encourage disputes between companies and tax authorities.'</p>





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'Like other multinational companies, Google pays the vast majority of its corporate income tax in its home country. In 2014, our global effective tax rate was 19.3%, equivalent to \$3.3 billion.

Close to 80% this tax was due to the US federal government and US state governments. In broad terms, the current international tax system aims to attribute profits or losses where value is created and a company's risks are concentrated. For Google, this means the US, where profits accrue to our intellectual capital, which includes the algorithms that power our search results and the technology that underpins our online advertising auctions.

Unlike EU countries, which tax multinational companies based on profits in a particular jurisdiction a so called territorial system US companies are taxed on a worldwide basis. Combined federal and state taxes bring the US corporate tax rate close to 40%, making it among the highest in the world (well above the OECD's 25% average).

The US taxes companies' international income when it is repatriated. This encourages American companies to maintain funds in overseas countries. While Bermuda is a zerotax jurisdiction, the income accumulated there does carry irrevocable US tax liabilities. When these funds are repatriated to the US or returned to shareholders, they will be taxed at nearly 40%. This feature of US tax law has no impact on the amount of tax we pay across various EU countries because our EU resident entities do not own Google's intellectual capital nor bear the risks of our operations.

Our EU entities are remunerated for their services using a standard, arm's length transfer pricing methodology. This fee is set to be comparable to what two independent companies would pay each other for the same services. Virtually all multinational companies operate this way. An alternative would be to hire an outside agency to perform these services. This is a standard, taxcompliant way for multinational companies to operate in many jurisdictions. And this structure reflects a core principle of the international tax system that the lion's share of corporate income tax is paid in a company's home country.'

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**HSBC Bank plc**

<b>Questions:</b>	<b>Replies</b>
<p>Question from Mme Joly:</p> <p>1) Will you commit today in this democratic house in front of our committee to publicly disclose, even voluntarily, public country by country information (like banks do), especially : a) where you employ people, b) your turnover, c) your profits, d) your tax paid and e) public subsidies you receive ?</p>	<p>'With regard to the question from Ms Joly, as also stated by Mr Mackinnon during the hearing, HSBC's approach on transfer pricing is to ensure that it reflects where the actual economic activity and value creation takes place - we do not artificially manipulate profit between countries for tax gain. We believe we should pay our fair share of taxes in the countries in which we operate. We think it is important to have an open and transparent relationship with tax authorities and our stakeholders about our tax affairs. To that end, we fully support the CRD IV public country-by-country reporting requirement. The 2014 country by country reporting is currently being audited by KPMG and will be released as soon as possible. '</p>
<p>Question from Mr De Masi:</p> <p>I would like to resubmit the following questions to representatives of Google, Facebook and Barclays. I kindly ask for a timely confirmation of the TAXE secretariat that these questions have been forwarded to the MNC representatives with a swift deadline for reply.</p> <p>Did your company ever pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member state (see for instance claims made by researchers here <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642</a>) whereby the payment was in direct relation to the amount of taxes saved through the service of that third party? If yes, could you please specify in which transactions such a relation existed, who the third parties were and which were the amounts involved in terms of payments and saved tax for your company?</p> <p>Even if this question has only been asked to the companies of the first panel due to the very limited setting of yesterday's hearing, I would nevertheless be grateful if the written form could also be extended to the companies of the second panel.'</p>	<p>'With regard to the question from Mr de Masi, as stated by Mr Mackinnon during the hearing, HSBC as a matter of policy does not pay fees to or remunerate a third party, be this tax advisers or auditing firms, or the tax administration of an EU member state, whereby the payment is in direct relation to the amount of taxes saved through the service of that third party. Indeed we would be concerned in so doing that it could lead to inappropriate incentives and advice being given.'</p>

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**IKEA**

<b>Questions:</b>	<b>Replies</b>
<p>Question from Mme Joly: 1) Will you commit today in this democratic house in front of our committee to publicly disclose, even voluntarily, public country by country information (like banks do), especially : a) where you employ people, b) your turnover, c) your profits, d) your tax paid and e) public subsidies you receive ?</p>	<p>'With respect to your question regarding the public disclosure of Country-by-Country (CbC) information, we welcome initiatives in this respect. However, we would recommend that a common approach is agreed first before specific legislation is implemented. We would like to note that CbC reporting rules will be implemented in the Netherlands as of 2016 and will therefore apply to IKEA Group. It goes without saying that IKEA Group will comply with the requirements set by the Dutch Tax Authorities.'</p>
<p>Mme Joly - Questions for Ikea: 'What is interesting with your company is that you can be used as a classic example to illustrate shifting profits through intellectual property or inter-company loans. For example, IKEA has a highly-developed internal financing network that operates through subsidiaries in Luxembourg, Switzerland, Cyprus and the Netherland Antilles. It appears that this internal financing operation facilitates profit-shifting via payments of interest on inter-company loans. In 2009, PWC obtained a tax ruling from Luxembourg authorities that allowed an IKEA subsidiary in Luxembourg to secure very low tax rates by funneling internal loans through a new Swiss branch. -- Ø Can you describe the circumstances that led Inter IKEA Finance SA to seek a tax ruling from the Luxembourg authorities in 2009? Ø What is the effective tax rate paid by Inter IKEA Finance SA in Luxembourg today? -- Ø What is the nature of the subsidiaries held by Inter IKEA Finance in Switzerland, Cyprus and the Netherlands Antilles? What substantive economic functions do these subsidiaries</p>	<p>'Regarding questions related to Inter IKEA Group, I am unable to answer those due to the fact that IKEA Group and Inter IKEA Group are two separate groups of companies with different owners. Therefore the listed Inter IKEA Group companies do not belong to the IKEA Group. Attached you will find the pre-read sent to the TAXE Committee before the meeting with some background and explanation of the different groups of companies. For more information about Inter IKEA Group, please visit their webpage; <a href="http://www.inter-ikea.com/">http://www.inter-ikea.com/</a> We would like to emphasize again that the IKEA Group has a strong commitment to operate our businesses in a responsible manner and to contribute to the countries where we operate. In Fiscal Year 14, the corporate income tax charge of the IKEA Group amounted to EUR 801 million, representing an effective tax rate of 19.3%. In addition, the IKEA Group incurred local and other taxes such as property taxes, business taxes, customs duties and environmental taxes to an amount of EUR 715 million. Therefore the total tax charge in FY14 for the IKEA Group amounted to more than €1.5 billion, which represents 31 % of the profits before tax. -- With reference to your questions on tax rulings, IKEA Group has no subsidiaries in Luxembourg and therefore no tax rulings in Luxembourg. IKEA Group does have a limited number of tax rulings in some jurisdictions. The main purpose of these rulings is to get clarity from the local tax authorities on the interpretation of the relevant tax rules and regulations in that jurisdiction.' ----</p>

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carry out?

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Ø Do any subsidiaries of the Inter IKEA Group or the IKEA Group have any other tax rulings with Luxembourg or any other jurisdictions?'

#### About IKEA Group

IKEA Group is a global company operating in 42 markets with retail operations, shopping centres, supply chain and manufacturing, employing in total 147,000 co-workers worldwide. IKEA Group operates 328 stores. Financial Year 2014 (FY14)<sup>1</sup> the total revenue was €29.3 billion and the net income €3.3 billion.

IKEA Group has the franchise right to operate IKEA stores in 28 countries and is the largest group of IKEA franchisees. The holding company of IKEA Group, INGKA Holding B.V., is based in the Netherlands, as are a majority of global group functions and group management. (Note that IKEA Group does not have any subsidiaries in Luxembourg).

In FY14, IKEA Group corporate income tax charge amounted to €801 million. The effective corporate income tax rate was 19.3%. In addition, IKEA Group incurred local and other taxes such as property taxes, business taxes, custom duties and environmental taxes. These taxes amounted to €715 million in FY14. So, in total, the tax charge in FY14 for IKEA Group amounted to more than €1.5 billion. During the last five years (FY10-14), corporate income tax and other taxes amounted to about €6.8 billion for IKEA Group.

#### Ownership of IKEA Group

IKEA Group is fully owned by Stichting INGKA Foundation, a Dutch foundation. One of the key features in the legislation applicable to Dutch foundations is that it cannot be owned by any company or individual, and that its purpose can never be to make any payments to its founder or its founder's family. Therefore, Stichting INGKA Foundation does not have an owner (as it owns itself) and does not have any beneficiaries. In the case of Stichting INGKA Foundation, this means that it can only use its funds to 1) invest in IKEA Group, 2) provide donations through IKEA Foundation.

#### Inter IKEA Group

Inter IKEA Group (Inter IKEA Holding S.A. and all its affiliates) is, through Inter IKEA Systems B.V., the holder of the intellectual property assets under which all IKEA retailers and other users of IKEA trademarks operate. Inter IKEA Systems B.V. is the owner of the IKEA Concept and worldwide IKEA franchisor. In addition to IKEA Group, there are 12 other groups of franchisees operating IKEA stores on 22 markets.

The overall purpose of Inter IKEA Group is to secure continuous improvement and a long life of the IKEA Concept. The holding company of Inter IKEA Group, Inter IKEA Holding S.A., is based in Luxembourg.

Important to note is that Inter IKEA Group and IKEA Group are two separate groups of companies with different owners.'

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Question from Mr De Masi:

I would like to resubmit the following questions to representatives of Google, Facebook and Barclays. I kindly ask for a timely confirmation of the TAXE secretariat that these questions have been forwarded to the MNC representatives with a swift deadline for reply.

Did your company ever pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member state (see for instance claims made by researchers here

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2685642](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642))

whereby the payment was in direct relation to the amount of taxes saved through the service of that third party? If yes, could you please specify in which transactions such a relation existed, who the third parties were and which were the amounts involved in terms of payments and saved tax for your company?

Even if this question has only been asked to the companies of the first panel due to the very limited setting of yesterday's hearing, I would nevertheless be grateful if the written form could also be extended to the companies of the second panel.'

'With reference to the question raised by you at the TAXE Committee meeting on 16 November 2015, regarding the payment of fees from tax advice or auditing firms, or the tax administration of an EU member State, whereby the payment was in direct relation to the amount of taxes saved, please find below the response.

As far as we have been able to identify in the limited time made available to us, no fee arrangements are in place with tax advice or auditing firms, or the tax administration of an EU member State, whereby the payment is in direct relation to the amount of taxes saved through the service of such third party.

Furthermore, we have assumed that the question relates to fees in relation to corporate income tax planning. It is, however common practice in certain countries that in situations where property tax is reduced, for instance as a result of a successful appeal against the value of the real estate concerned, the fee paid would be in relation to the property tax reduction.'

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**McDonald's**

<b>Questions:</b>	<b>Replies</b>
<p>Question from Mme Joly: 1) Will you commit today in this democratic house in front of our committee to publicly disclose, even voluntarily, public country by country information (like banks do), especially : a) where you employ people, b) your turnover, c) your profits, d) your tax paid and e) public subsidies you receive ?</p>	<p>'Will you commit today in this democratic house in front of our committee to publicly disclose, even voluntarily, public country by country information (like banks do), especially : a) where you employ people, b) your turnover, c) your profits, d) your tax paid and e) public subsidies you receive? We publically disclose significant information on a country-by-country basis and we disclose further information to a range of national and other authorities, including national tax authorities, as may be required. We are happy to consider requests for further information that is not commercially sensitive and does not create any competitive disadvantage.'</p>
<p>Question from Mr De Masi: I would like to resubmit the following questions to representatives of Google, Facebook and Barclays. I kindly ask for a timely confirmation of the TAXE secretariat that these questions have been forwarded to the MNC representatives with a swift deadline for reply. Did your company ever pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member state (see for instance claims made by researchers here <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642</a>) whereby the payment was in direct relation to the amount of taxes saved through the service of that third party? If yes, could you please specify in which transactions such a relation existed, who the third parties were and which were the amounts involved in terms of payments and saved tax for your company?</p>	<p>'We use external tax advisors in the European Union for a range of corporate tax activities such as compliance activities related to filing required tax returns and statutory filings, tax audit support and tax planning in areas such as corporate restructuring. This reflects the complexity of the laws across the various countries, as well as the fact that in a number of countries we do not have significant tax expertise in-house. While we are not able to gather every cost in the timeframe given, please see below a representative schedule of the fees incurred in 2014 in our largest EU Member State markets of Germany, France, the UK, Italy, plus Luxembourg:</p> <ul style="list-style-type: none"> <li>- Compliance \$700K</li> <li>- Planning \$20K</li> <li>- Audit support \$1.2M</li> </ul> <p>Did your company ever pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member state (see for instance claims made by researchers here <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642</a>) whereby the payment was in direct relation to the amount of taxes saved through the service of that third party? If yes, could you please specify in which transactions such a relation existed, who the third parties were and which were the amounts involved in terms of payments and saved tax for your company? We do not remunerate tax or audit firms through fees that are contingent on tax savings for</p>

**TAXE committee**

<p>Even if this question has only been asked to the companies of the first panel due to the very limited setting of yesterday's hearing, I would nevertheless be grateful if the written form could also be extended to the companies of the second panel.'</p>	<p>corporate income taxes in EU Member States. Outside corporate income taxes, there is a standard industry practice in some countries whereby negotiated settlements for property tax assessments are compensated as a percentage of the tax savings (the actual percentage varies) but this predominantly takes place in the United States.'</p>
<p>In reply e-mail: <i>'Do you have entities in the countries listed on the European Commission list of tax havens and if so what is their function (actual businesses or management companies) and how many employees do you have in those branches?'</i></p>	<p>'Of this list of countries, McDonald's has two active owned affiliates in Hong Kong where the Company owns and operates over 230 restaurants. We have over 10,000 employees in Hong Kong. Where there are McDonald's restaurants in other countries on this list, they are owned and operated by independent franchisees and McDonald's does not have a local owned affiliate.'</p>
<p>In reply e-mail: <i>Please explain the structure of the royalty payments, i.e. who collects them, how many companies does it pass through, are these paid to entities in tax havens etc.?</i></p>	<p>'McDonald's as franchisor and licensor owns proprietary rights such as our global brand and operating system. These rights are at the core of our business model and are key to the sustainable growth of our business, because they enable the company and its independent franchisees to invest appropriately and to drive returns in areas such as restaurant design, menu innovation and the development of new technologies, as well as benefit from procedures to ensure the high quality and safety of food.</p> <p>Also consistent with most franchised systems, McDonald's independent franchisees and owned operations pay – and always have paid - a royalty for the right to use McDonald's proprietary rights such as our global brand and operating system. This enables us to invest further in and to develop our knowledge and expertise in the areas such as restaurant design, menu innovation and the development of new technologies, as well as procedures to ensure the high quality and safety of food, and to share these developments within our Company-owned restaurants and our franchised restaurants.</p> <p>Master franchise agreements are required in each of the individual European countries where we do business and all countries pay royalties to the license holder. In some countries, licenses are paid to the McDonald's master franchisor, and subsequently paid to the licensor of the intellectual property. The final licensors are McDonald's companies located in United States, Luxembourg, and Singapore. Companies in these three countries hold all of the rights to license McDonald's valuable brand assets.'</p>

## Philip Morris International

Questions:	Replies
<p>Question from Mme Joly: 1) Will you commit today in this democratic house in front of our committee to publicly disclose, even voluntarily, public country by country information (like banks do), especially : a) where you employ people, b) your turnover, c) your profits, d) your tax paid and e) public subsidies you receive ?</p>	<p>'As we mentioned during the TAXE Committee meeting of 16 November, we are proponents of sharing information with tax authorities, and also of information sharing between tax authorities. We are not, however, in favor of making the CBCR part of our public disclosures since it may lead to disclosing potentially sensitive information to our competitors. Depending on how the transparency debate develops, we may consider some time in the future to make all or part of the CBCR public.#</p>
<p>Question from Mme Joly - Question for Philip Morris In 2014, Philip Morris has announced the shutting down of its manufacturing facility in the Netherlands closing the plant in Bergen op Zoom, its largest production facility world-wide, and resulting in firing 1,230 people, about 90% of its total workforce in the country. At the same time you have 5 subsidiaries of Philip Morris in the Netherlands, all located at the same address, and since 2007, it seems that fees for salaries, building maintenance and energy are paid by these subsidiaries to another subsidiary of Philip Morris in Lausanne, Switzerland called Toller Entrepreneur principal. This sounds like a classic case of profit-shifting to Switzerland in order to reduce your tax contribution. Ø Can you explain to this committee why do you have 5 subsidiaries located at the same address in the Netherlands (Maroonilaan 20, Bergen Op Zoom) Ø Can you confirm that fees are paid by these subsidiaries to another branch in Switzerland ? Why are they paying these fees ? Is this leading to a decrease of Philip Morris' tax payments in the Netherlands and if yes by how much ?</p>	<p>'Philip Morris did not fully close its factory. We stopped manufacturing cigarettes in Holland but we continue to manufacture semi-finished tobacco products and flavors. Currently we employ 193 factory employees. We have seven wholly owned entities in the Netherlands. One entity houses the factory and employs the Dutch market sales force. We also operate five holding companies in the Netherlands. All the dividends that pass through these holding companies are received by our US parent company and are subject to US tax. The seventh entity is dormant. We have these entities located at the same address because we have the factory and employees located at that address who manage the administration of these entities. One entity pays a fee to a Swiss entity for services that are rendered by the Swiss entity to the Dutch sales organization. Over the past three years the amount of fees was on average EURO 5 million per year. The other entities do not pay fees to Switzerland.'</p>



**TAXE committee**

<p>Question from Mr De Masi: I would like to resubmit the following questions to representatives of Google, Facebook and Barclays. I kindly ask for a timely confirmation of the TAXE secretariat that these questions have been forwarded to the MNC representatives with a swift deadline for reply. Did your company ever pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member state (see for instance claims made by researchers here <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642</a>) whereby the payment was in direct relation to the amount of taxes saved through the service of that third party? If yes, could you please specify in which transactions such a relation existed, who the third parties were and which were the amounts involved in terms of payments and saved tax for your company? Even if this question has only been asked to the companies of the first panel due to the very limited setting of yesterday's hearing, I would nevertheless be grateful if the written form could also be extended to the companies of the second panel.'</p>	<p>'During the TAXE Committee meeting Mrs Joly asked about advisors' fees. We take the opportunity to respond to that question through this letter. Philip Morris International pays about USD 10 million in tax advisors' fees per annum. Since Philip Morris International has a relatively small tax department a large amount of compliance work is outsourced to outside tax consultants. Therefore, most of the amount in advisors' fees is spent on compliance like filing and reviewing income tax, VAT and excise returns and preparing transfer-pricing documents that are required by many countries around the world.'</p>
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## The Walt Disney Company

Questions:	Replies
<p>Question from Mme Joly: 1) Will you commit today in this democratic house in front of our committee to publicly disclose, even voluntarily, public country by country information (like banks do), especially : a) where you employ people, b) your turnover, c) your profits, d) your tax paid and e) public subsidies you receive ?</p>	<p>'For the reasons we stated at the TAXE Committee hearing on November 16, 2015, we do not support public disclosure of country by country reports.'</p>
<p>Question from Mr De Masi: I would like to resubmit the following questions to representatives of Google, Facebook and Barclays. I kindly ask for a timely confirmation of the TAXE secretariat that these questions have been forwarded to the MNC representatives with a swift deadline for reply. Did your company ever pay a fee to or remunerate a third party, be this tax advice or auditing firms, or the tax administration of an EU member state (see for instance claims made by researchers here <a href="http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642">http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2685642</a>) whereby the payment was in direct relation to the amount of taxes saved through the service of that third party? If yes, could you please specify in which transactions such a relation existed, who the third parties were and which were the amounts involved in terms of payments and saved tax for your company? Even if this question has only been asked to the companies of the first panel due to the very limited setting of yesterday's hearing, I would nevertheless be grateful if the written form could also be extended to the companies of the second panel.'</p>	<p>'We do not use contingent fee arrangements for tax advisory services except in very limited circumstances. Importantly, we have never used contingent fee arrangements for the type of tax matters that we believe are of interest to the Committee. In particular, there are no instances where a tax administration of an EU member state received a benefit in direct relation to the amount of taxes saved in another EU member state.'</p>