Tax avoidance is an issue for workers in ENGIE, McDonald's and elsewhere, says EPSU

(22 September 2016) Following the recent announcement on Apple's taxes and the launch of an investigation into McDonald's, the European Commission has announced that it will begin a formal probe into French electricity, gas and energy services giant ENGIE's tax affairs.

EPSU has long been vocal on tax justice issues because we believe that fair taxes mean better public services. **We welcome this latest move by the Commission in redressing some of the worst abuses of corporate tax dodging.**

ENGIE has been accused of taking advantage of a loophole in the Luxembourg tax system that allowed it to convert loans into profit without paying tax on them. The allegations come following a Commission probe into member states' grating secret deals with multinationals, effectively rubber-stamping profit-shifting schemes.

Unlike the other, wholly private, companies already probed, ENGIE is 30% owned by the French state. Finance Minister Sapin has welcomed the investigation but he should use the government's position as part-owner, with all the access to information that gives, to launch their own investigation. If ENGIE is found to have dodged taxes that should have ended up in the French public purse, the government ought to act to recoup that money, as Commissioner Vestager has suggested they do in the case of Apple. **Governments need to vet other companies they have a share in to make sure all their tax affairs are in order.**

Of real concern now to workers in ENGIE will be whether these tax arrangements could have **negatively impacted on employee profit-sharing**, which is legally binding in France. McDonald's, also under investigation by the Commission, is currently subject to legal proceedings for allegedly using tax planning to reduce workers' share of profits. It is important now to find out whether the same may have happened with ENGIE. EPSU affiliated unions represent workers in ENGIE
EPSU has called for governments to launch joint-tax audits to discover whether their own coffers have been deprived of revenue. This kind of effective action against

corporate tax dodging needs real investment in our tax administrations, which have suffered an average 10% in staff since 2009. **Investing in more tax inspectors more than pays off in increased revenue.**

The problem runs deeper than just ENGIE, McDonald's or Apple. A sea-change is needed in corporate taxation to ensure that big companies pay their fair share. This starts with corporate social responsibility. But governments also must reassert their right to reign in multinationals.

The EU is currently considering new rules, known as **public country-by-country reporting (CBCR)**, that would make large companies declare how much money they make and what taxes they pay in every member state. It's a start but the proposal needs broadened to include every country in the world to bring transparency to non-EU tax havens. The need for public CBCR goes beyond tax: the information published would strength corporate transparency for workers allowing trade unions to better see how a company is operating, to fight job losses and closures and to denounce tax dodging where it exists.

EPSU, together with the ETUC, is calling on the EU to change the Union's tax rules and create a **Common Consolidated Corporate Tax Base**, a measure that would go a long way to cut out the kind of tax avoidance scheme allegedly employed by ENGIE.

Workers need an end to corporate tax avoidance, both in their companies and the wider economy.

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