Tax avoiders buying up the NHS and how TTIP could 'lock in' tax avoidance

(18 December 2015) Earlier this year, one of EPSU's British affiliates, the Trade Union (TU) UNITE, launched a report investigating ten private health care companies that supply services to the British National Health Service (NHS) and that are thereby actively involved in the NHS privatisation (see [UNITE's report here->http://www.unitetheunion.org/news/tax-avoidance-at-the-very-core-of-firms-bidding-for-major-nhs-contracts-unite-reveals/]). Four of these companies are the biggest for-profit hospital chains in the UK, and the other ones are involved in clinical and support services as well as care homes. According to tax expert Richard Murphy, author of the report, "The combination of a current lack of tax payments from many of these companies, coupled with their apparently deliberate use of offshore structures, suggests a very low commitment on the part of these companies to pay tax in the UK. […] This conclusion is disappointing. The UK government, and the government of Scotland, have both committed in recent regulation legislation to make compliance with tax regulation a condition of successfully tendering for government funded contracts. But as yet it seems that no company has been excluded from any contract for this reason." {{Tax avoidance at the heart of their business planning processes}} The report has studied the tax payment records of these companies as well as the structures of the groups they are part of, and we can say there is clear evidence that "tax avoidance is at the heart of their business planning processes". The tax avoidance systems these companies have benefited from, can take various forms: -* All 10 companies have links to offshore tax havens (Channel Islands, British Virgin Islands, Cayman Islands, Luxembourg and Bermuda); they appear to be registered in, or owned by tax havens; some use tax havens for funding purposes; others use offshore structures to own property assets in the UK. -* Many have extremely complex corporate structures (seemingly 13 intermediate holding companies between Virgin Care Limited and its ultimate parent company) -* Most of the companies are not liable for UK corporation tax because they are losing money, and/or can offset past losses against future profits. Even if these companies become profitable, "the structures that they have adopted do, in many cases, suggest that tax avoidance is at the heart of their business planning". -* Two companies that did pay tax for 3 years appear to have reclaimed it. Another one pays almost all its taxes to the USA. -* Only 2 out of the 10 companies pay any significant tax in the UK. {{TTIP and risks

for tax avoidance by for-profit health care enterprises}} Moreover, since seven of these companies are American, or have strong investment links with the USA, it means, according to R. Murphy, that “the British Government could be prevented from taking their NHS contracts back into the public sector unless the NHS is exempted from TTIP (Transatlantic Trade and Investment Partnership).” Two of these companies (Virgin, and GHG’s 32% owner Apax Partners), have American subsidiaries “that could potentially be used in ‘treaty shopping’: where companies use subsidiaries in different states to sue governments under international trade legislation such as TTIP, as has occurred in the infamous Philip Morris tobacco case against Australia.” Michael J. Kirkwood, chairman of Circle, a company with important offshore links, is a fervent advocate of TTIP. He also happens to be an advisory director, and former chair of the lobby group “British American Business” which campaigns strongly for the treaty. This report commissioned by the British TU UNITE echoes another report in which EPSU took part. The “[Unhappy meal->http://www.world-psi.org/en/report-unhappy-meal]” report produced last February by a coalition of European and American TUs, EPSU, EFFAT, SEIU, as well as the anti-poverty campaign group War on Want, highlighted how McDonald’s dodged up to €1 billion in tax payments in Europe in the period 2009-2013 and also provided market information to the European Commission and the European Parliament. On December 3rd, EPSU applauded the European Commission’s decision to formally open a [state aid investigation to scrutinise McDonald’s tax arrangements in Europe->http://www.epsu.org/a/11854].

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