France considers broad tax clampdown on web companies

(Reuters) - The French government is discussing how to tax internet companies such as Google and Amazon both at the national and international levels, a spokeswoman said on Wednesday.

With government finances severely strained across Europe, France [1], Britain and Germany [2] are intensifying efforts to clamp down on loopholes that allow big international companies to minimize their tax bills.

A Reuters report last month showed coffee retailer Starbucks had paid no corporation or income tax in Britain in the past three years and had paid only 8.6 million pounds ($13.7 million) since 1998. Over this period it sold 3.1 billion pounds worth of coffee.

"We plan action at the national but also European and OECD (Organisation for Economic Co-operation and Development) level," spokeswoman Najat Vallaud-Belkacem told reporters after a weekly cabinet meeting.

The French government had commissioned a report on value added sales tax from cross-border online sales and was planning action based on its conclusions, she added.

Many companies with big online businesses channel sales in Europe through countries such as Luxembourg, which has low value added taxes, or Ireland [3], which has low corporate tax.

European Union rules on freedom of trade within the bloc generally allow firms to sell freely into one EU market from another.

"Even if the internet is a zone of freedom it shouldn't be a lawless zone," Vallaud-Belkacem said. "Fiscal rules should be able to be applied to those activities as well."

Evoking taxpayers' right to confidentiality, Vallaud-Belkacem declined to comment on a report last month in Le Canard Enchaine satirical weekly that French tax authorities were seeking to claim 1.7 billion euros ($2.2 billion) from Google.

On Monday, online retailer Amazon said it had received a demand from French tax authorities for $252 million in back taxes, interest and penalties in relation to the allocation of "income between foreign jurisdictions".

In Britain, a panel of lawmakers criticized Starbucks, Google and Amazon this week for not paying more tax in Britain and invited the firms to give evidence amid mounting public and political concern about tax avoidance.

Last week Britain and Germany [4] announced plans to push the Group of 20 economic powers to make multinational companies pay their "fair share" of taxes following reports of large firms exploiting loopholes to avoid taxes.

($1 = 0.7867 euros)

($1 = 0.6293 British pounds)

(Reporting by Elizabeth Pineau and Julien Ponthus; Writing by Leigh Thomas; Editing by Ruth Pitchford)

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