



12 February 2016

Dear Commissioners Vestager and Moscovici,

On behalf of the Greens/EFA group in the European Parliament, we wanted to send you the latest research we have commissioned on the tax planning strategies of IKEA. We hope this report entitled '*IKEA : flat pack tax avoidance*' will be of use in your respective portfolio to advance the fight for tax justice in Europe.

As you know, the Greens / EFA group was the first political group in the European Parliament to call for an inquiry committee to investigate further the Luxleaks scandal and shed light on the political responsibility of those who helped big companies avoid paying taxes. During our TAXE hearing on November 2015, a representative from the IKEA Group explained that his company is often confused with the Inter IKEA Group, which is a different legal entity and has its parent company in Luxembourg. This triggered our curiosity and prompted us to dig deeper on the structure and possible use of tax avoidance schemes by what the general public considers simply as IKEA.

This report is a journey into practices encouraged by well-known European tax havens, like the Netherlands, Luxembourg and Belgium. It provides national estimations of the amount of tax lost by several European countries because of the shift of royalty payments to a conduit subsidiary in the Netherlands. **In total, we estimated that IKEA has dodged at least €1 billion in Europe over the last six years (2009-2014).**

In addition, the report briefly analyses how the European Commission Corporate Tax Package, presented in January 2016 may help to stop these harmful practices. Unfortunately, our conclusion is that **this package does not fully address these concerns and will still allow IKEA and other multinationals to use tax loopholes in different countries to shift profits offshore.**

The report also includes several key recommendations for the future, including, among others, the **need for public disclosure of multinationals' activities (public country-by-country reporting) and a call to national and European authorities to decide whether they would like to investigate** these avoidance technics further. We strongly urge you to consider opening a formal investigation at the European level.

We look forward to discussing this report and how to fight corporate tax avoidance further with you in our upcoming exchanges in the TAXE committee.

With best wishes,

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