

Statement by the Chancellor of the Exchequer, Rt Hon George Osborne MP; Britain & Germany call for international action to strengthen tax standards

Joint statement by the United Kingdom and Germany

After discussing their concerns about the erosion of corporate tax paid by large international companies at a meeting in Berlin last week, German Finance Minister Wolfgang Schäuble and British Chancellor of the Exchequer George Osborne called at the G20 meeting today for concerted international cooperation to strengthen international standards for corporate tax regimes.

Britain and Germany want competitive corporate tax systems that attract global companies to our countries, but also want global companies to pay those taxes. That is best achieved through international action in the G20 and other relevant international fora to ensure strong standards.

Global companies are a significant source of growth, investment, employment and tax in Germany, Britain and the EU as a whole. However, international tax standards have had difficulty keeping up with changes in global business practices, such as the development of e-commerce in commercial activities. As a result, some multi-national businesses are able to shift the taxation of their profits away from the jurisdictions where they are being generated, thus minimising their tax payments compared to smaller, less international companies.

At the G20 meeting, Ministers Schäuble and Osborne, thus called on their G20 colleagues to back the Organisation for Economic Cooperation and Development's (OECD) work on identifying possible gaps in the standards as a first step in promoting a better way of dealing with profit shifting and the erosion of the corporate tax base at the global level. Britain and Germany back the OECD – BEPS (tax base erosion and profit shifting) initiative of the OECD and expect its first analysis report to the next G20 meeting in Russia in February 2013.

Britain and Germany will continue to work together, and with our partners in the EU, G7 and G20, to maintain momentum on strengthening international standards.