Background
Amazon has faced high profile allegations of avoiding corporation tax payment in the UK since 2012. NUS has been constructively engaging with them on this issue and have met several times to ensure that an open, two-way dialogue is maintained on the topic. Meetings were held in 2013 and 2014, where Amazon responded to concerns raised by the student membership.

All sales in UK, Germany, France and Italy were booked through a subsidiary in Luxemburg, Amazon EU Sarl. The company asserts that it does not make a large profit globally, largely because it continues to invest heavily in the business. Amazon has always maintained its position that the company "pays all applicable taxes in every jurisdiction that it operates within" and that a single European Headquarters in Luxembourg is required to best serve customers.

2015
In May 2015, Amazon began to book its sales in the UK, Germany, France and Italy, rather than through the Luxemburg subsidiary, meaning that resulting profits from sales in the UK will be taxed by HMRC. This also means that Amazon will not be impacted by the UK’s new diverted profits tax, which came into law in April.

Amazon have provided the following statement in relation to these changes:

"We regularly review our business structure to ensure that we are able to best serve our customers and provide additional product and services. More than two years ago we began the process of establishing local country branches of Amazon EU Sarl, our primary retail operating company in Europe. The local country branch for the UK became official on May 1. This means that as of May 1, Amazon EU Sarl is recording retail sales made to customers in the UK through the UK branch. Previously, these sales were recorded in Luxemburg.

Corporate taxes are based on profits, not revenue. As we are still a relatively young business, many areas of the business are in investment phase.”

Continued engagement
Some campaigners do not believe that the change in booking practices will make a significant difference to the tax paid by Amazon.


Update on engagement
Amazon is an NUS extra discount partner that has been accused of tax avoidance in the UK. NUS has met with Amazon several times since 2012 to discuss the issue. In 2015, changes were made to their structure which will potentially see more corporation tax being paid.
because Amazon EU Sarl did not make a large profit either. Ethical Consumer magazine, for example, suggests that one reason for a lack of profit is that Amazon Europe Holdings SCS (AEHT), in Luxemburg, charged Amazon EU Sarl large fees for the use of Amazon patents².

It is therefore a little unclear at this stage the impact that this move will have on Amazon's corporation tax bill. We will continue to maintain an open dialogue with Amazon and are meeting again in early 2016 to discuss this further.

If you would like further information on this subject please contact our Ethical Supply Chain Coordinator, Sophie Sharp-Fryer: sophie.sharp-fryer@nus.org.uk.

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