

## Amazon, substance and form

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As I described in my ebook, [Over Here and Under Taxed](#), Amazon, [like Google](#), has played a tax game in the UK.

It claims its UK operation is run from Luxembourg. Amazon UK merely services it on its behalf, only running the warehouses that supply the goods. Under OECD rules this, they say, avoids them having a UK tax bill.

That claim is, however, critically dependent on Amazon UK just running the warehouses. All the management of the UK sales operation would have to be in Luxembourg, where the contracts are completed. And just as Google look to be in trouble for failing to follow the form of the contract in the substance of what actually happens it also looks like Amazon have made the same mistake. [As the Guardian report this morning:](#)

*Among the key indicators of whether a business is taxable in the UK is the location of those negotiating deals. A UK publishing executive confirmed that his contract was negotiated on behalf of Amazon EU Sarl, the Luxembourg company, by staff from the British head office in Slough.*

*"The contract may be with Luxembourg but it is the people from Slough who thrash out the crucial details of the contract such as the discount we agree to give them. There are also people in Slough who are charged with overseeing that the contract is properly executed," the executive said.*

*Meanwhile, job adverts posted this month on the careers page of Amazon.co.uk invite application for scores of roles in the UK. Among them is a vacancy for a senior financial analyst. "Based at our UK Head Office in Slough, Amazon seeks a Senior Financial Analyst to support Amazon UK's Merchant Services business," the advert said.*

*"This Senior Financial Analyst will help establish revenue targets, lead pricing analysis and recommendations, generate competitive analysis and support key operations metrics and goals."*

*The Slough office is also this month looking for applicants to its MBA leadership development programme in the UK. "From day one, you will be given ownership of large, complex problems in various areas of our business," the advert states.*

I provided much further evidence in my ebook of such claims, not least on the Amazon website, where it is implied there is a whole UK management team, as the Guardian also seems to find likely.

If Amazon have this wrong then they're taxable on their profits in the UK.

The question is then, why did their auditors not notice and why have HMRC not investigated?

We may know [answers for Google this morning.](#)

But it looks like Amazon may follow.

The reality is it is easy to move a file server. And it's easy to move contracts. But in every business people are needed. And no one can seriously think that all the people who run Amazon are in Luxembourg. There aren't enough of them. And they can't do the face to face to make the decisions that are really needed.

It looks to me as though a lot of business models are going to befalling apart very soon.

And you wonder why the tax profession hate Margaret Hodge?