

# Tax haven UK attracts Fiat's new filing cabinet head of...

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[Reuters has reported that:](#)

*Fiat said on Wednesday it would register the holding of its newly created Fiat Chrysler Automobiles group in the Netherlands and set its tax domicile in Britain, cementing a politically sensitive shift away from its home base in Italy.*

The combination of Fiat and Chrysler through a Dutch holding company tax resident in the UK has all the appearance of being a massive tax planning exercise. The UK is quite explicitly playing the role of a tax haven in this set up, combined with the use of the Netherlands in a similar capacity. How is that? Firstly, the UK only charges UK resident companies to tax on their UK earned profits now and not on any profit earned anywhere else in the world or on profits remitted here. I have a strong suspicion Fiat makes very little money in the UK (barring on car distribution, which will already be taxable here anyway). This makes the UK a perfect headquarters location for a group that has absolutely no real ties with the UK and which wishes to avoid sending its profits back to its real centre of control - Italy, in this case. Combining this with the Netherlands generous tax haven treaty structure which allows income and gains to flow through Europe to an HQ location (like the UK) with little or no withholding tax on the way and the ultimate 'no tax' set up can now be created in London based on the argument 'nothing happens here' because it's all been taxed 'elsewhere' whether that in fact is true or not. This is exactly what tax havens have done in the past but which is now possible here because of the tax reforms introduced by the Coalition to permit territorial taxation in the UK and to relax our controlled foreign company laws to the point where they are virtually meaningless as a tax avoidance deterrent. The paradox is that all last year David Cameron said he was determined to stop international tax abuse whilst deliberately setting the UK up as a perfect place to undertake it from without any of the apparent reputational risk of going to somewhere like Cayman or Jersey. Well the latter are not needed now, EC1 does just as nicely as St Helier or Georgetown these days. And let's not for one minute think that this move will create jobs or tax paid in the UK. That's the last thing it is likely to do. Jobs here would mean tax here and that, I am sure, is not in the plan. No, this is likely to be little more than a filing cabinet operation in classic tax haven style. You can be sure the real decisions will still

be taken in Italy. It's just that the UK is now working to undermine Italy's right to collect the tax that it is rightfully owed there if the new company makes money - which in view of the avoidance measures being put in place it looks as though it thinks it might. Oh, for the spirit of good neighbourliness that we should share with our European partners but clearly don't.