

The real question about Amazon's EU tax bill is why it ...

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Amazon is, as [predicted this morning](#), facing a tax charge of about €250 million that the European Commission is demanding be imposed upon it by Luxembourg as a result of that country having provided it with illegal state aid.

The press have asked me for comment on this story. I said this:

The message in this claim is unambiguous. It is that Luxembourg deliberately provided a tax ruling to Amazon that had no commercial substance and which conferred upon it an unfair tax advantage that has altered the market competitiveness of other companies. The Commissioner is clear that this is unacceptable. When the EU is built on the principle of fair competition her logic appears to be unassailable. So too does the evidence that Amazon adopted a structure that was designed, by exploiting Luxembourg law and practice, to achieve this result appear unassailable to me.

Is the Commissioner skating on thin ice though when all the tax dimensions of this case have still to be resolved? I suggest not. Tax disputes may take years to resolve. The impact of unfair competition is seen considerably more quickly. The impact of a tax structure can be real, and detrimental to fair competition irrespective of the technical legality of a tax scheme: it is not true that because a tax scheme is legal it is beneficial to society or fair markets. There is then an over-arching imperative for the Commissioner to act to protect markets. In this case the real question is why it took so long for this case to be brought. The only answer to that is that opacity prevented attention being drawn to it. This is what tax transparency is now so vital. Fair competition absolutely depends on it.

I wonder if all those who praise 'free' markets will be queuing to praise the Commission this morning? They should be. But I expect a deafening silence.