

**Press release, 19 September 2019**

## Dutch tax authorities demand £902 million from tobacco giant BAT

The Tax Authorities in the Netherlands are claiming £902 million from London-based tobacco manufacturer British American Tobacco, for alleged tax evasion between 2003 and 2016.

[By Stefan Vermeulen, The Investigative Desk]

British American Tobacco (BAT) has confirmed this tax claim to *De Onderzoeksredactie* (*The Investigative Desk*), a Dutch platform for investigative journalism.

London-based BAT, producer of well-known cigarette brands including Lucky Strike and Camel, is active in more than two hundred markets worldwide. Part of BAT's worldwide income flows through a holding company in The Netherlands.

The Dutch tax authorities have confronted the company with a claim of £902 million pounds. By making improper use of internal transfer pricing structures, BAT is alleged to have avoided corporate taxes in the Netherlands from 2003 to 2016. BAT disputes the claim.

The conflict with the Dutch tax authorities was briefly mentioned in BAT's annual report for 2018. According to a BAT spokesperson, the tax authorities have objected against "various intra-group transactions" from the 2003-2016 period.

Some of these transactions are related to "guarantee fees" paid by Dutch-based BAT subsidiaries to a UK holding company. On paper, these fees were paid because the British holding gave guarantees for loans given by BAT in the Netherlands to subsidiaries in other countries.

But according to the Dutch authorities, these fees were not "at arms' length" (i.e. higher than such guarantees would have cost on the capital market) and in fact designed to avoid paying profit taxes in The Netherlands.

"BAT cannot agree with the assessments raised by the Dutch tax authorities and has appealed against them in full," a spokesman for BAT said. According to BAT, the legal proceedings concerning the Dutch claim can take three to five years.

In The Netherlands, the claim against BAT is by far the largest tax case against a multinational company to date. The conflict started after the Dutch government

tightened tax regulations in 2013. BAT initially received an additional levy of 31 million euros. But the claim has risen sharply in recent years, partly because the tax authorities retroactively examined BAT's tax assessments back to 2003.

British American Tobacco appears not to be the only multinational company that is currently confronted with substantial additional tax claims in the Netherlands. According to a spokesperson for the Dutch tax authorities, transfer pricing discussions are currently underway with "several multinationals about amounts of more than € 100 million". The spokesperson declined to comment on which other companies are involved.

An elaborate background story was published today on the website of NRC Handelsblad, The Netherlands, [www.nrc.nl](http://www.nrc.nl) . Upon request we can provide an English translation within a few days.

**Further information:**

Marcel Metze (editor-in-chief) – [metze@onderzoeksredactie.nl](mailto:metze@onderzoeksredactie.nl) / +31 6 54674124  
Stefan Vermeulen (investigative journalist) +31 6 51688093