

ICC calls on tax authorities to review tax treatment of international takeovers and mergers

Paris, 18 January 2010

The International Chamber of Commerce (ICC) has today issued a statement calling on governments to review their approach to the taxation of international takeovers, reorganizations and mergers.

The policy statement highlights concerns about a view put forward by a number of governments that it is appropriate to tax international transactions occurring entirely outside their jurisdictions, where part of the transactional value stems from underlying assets in that state.

The business organization – which represents companies in over 120 countries around the world – noted the potential adverse effect of such tax policies on international trade and investment. It drew particular attention to concerns about the use of retrospective changes in law to implement such an approach.

Chairman of the ICC Commission on Taxation Robert Couzin said: “ICC encourages governments to avoid unnecessary fiscal impediments to international mergers and reorganizations. Consistency and clarity for business is especially important during this time of economic stress”.

The ICC statement noted that if this approach were widely adopted, the acquisition of a global corporation with extensive international operations could be subject to taxes in numerous countries with which the transaction had no direct business link. Such a situation would create confusion and a significant impediment to international trade, merger and acquisition activity, as well as foreign direct investment flows.

Jean Rozwadowski, ICC Secretary General added: “The suggestion that countries have jurisdiction to tax takeover transactions, to which they have no direct legal link, is an issue of major concern for international business. There is a real risk that these policies will complicate and hamper international trade and investment flows – contrary to the commendable efforts of many governments to attract businesses by expanding investment opportunities”.

[Click here](#) to read the full ICC statement

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