

Google Reports Tax Assessment Following Raid of French Offices

By Alex M. Parker

Google Inc. received a tax assessment from the French authorities in March, the company said in an April 24 filing with the Securities and Exchange Commission. The assessment comes almost three years after Google's Paris office was raided by the French authorities, during an investigation into whether Google has a permanent establishment. The June 2011 raid was upheld by the country's highest appeals court in 2012. In its SEC filing, Google did not comment on the nature of the tax dispute or the size of the assessment.

"We believe an adequate provision has been made and it is more likely than not our tax position will be sustained," the company said. The French magazine *Le Point* reported that the amount of the assessment exceeds 1 billion euros (\$1.38 billion). The company reported to the SEC that it had \$2.56 billion in unrecognized tax benefits as of March 31, 2014, which would have an impact on its effective tax rate if recognized.

The French government has long been outspoken about the need to tax global Internet giants. In January of 2013, the government released a report calling for the creation of a "virtual establishment" concept, ensuring that a company doing business online in a country can be taxed there even if it does not have a physical presence.

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