

Brussels, 30 January 2017

To: Margrethe Vestager, EU Commissioner for Competition

Subject: Tax practices of Lactalis

Dear Commissioner,

We would like to draw your attention to a case of tax evasion recently revealed by the newspaper *Les Jours* concerning the French multinational Lactalis. We know and fully support your determination in the fight against undue tax benefits that allow certain businesses to pay substantially less tax than others, thereby undermining fair competition and the whole spirit of tax justice in the European Union. Every company has to pay its fair share of taxes. This is why we are convinced that this case will be of great interest for you - should you not already be aware of it.

According to information gathered by *Les Jours*, Lactalis has used subsidiaries in Belgium and Luxembourg with the aim of paying less tax through artificial transfers of profits. Thanks to its subsidiary 'BSA International' in Belgium, it has paid 10 million euros of tax during the period 2007-2016 for a profit of 405 million euros, i.e. an average tax rate of 2.5% only. Another subsidiary situated in Luxembourg, 'Ekabe International', is also suspected of being used for tax purposes only, through property rights arrangements. Between 2012 and 2015, 'Ekabe International' has paid 2.8 million euros taxes for a profit of 100 million euros, i.e. a tax rate of 2.8% on average.

If the health and safety norms of Lactalis have recently come into light following the contaminated baby milk scandal in France, we believe that its tax practices also deserve particular attention. This is why we would like to encourage your services to look into Lactalis' tax arrangements in order to assess whether or not they are harmful and detrimental to fair competition in the EU.

Please let us assure you again of our full support in your fight against unfair tax practices,

Kind regards,

Eva Joly, Member of the European Parliament
Margrete Auken, Member of the European Parliament
Pascal Durand, Member of the European Parliament
Sven Giegold, Member of the European Parliament
Philippe Lamberts, Member of the European Parliament, Co-President of the Greens-EFA
Michel Reimon, Member of the European Parliament
Molly Scott Cato, Member of the European Parliament
Bart Staes, Member of the European Parliament
Ernest Urtasun, Member of the European Parliament