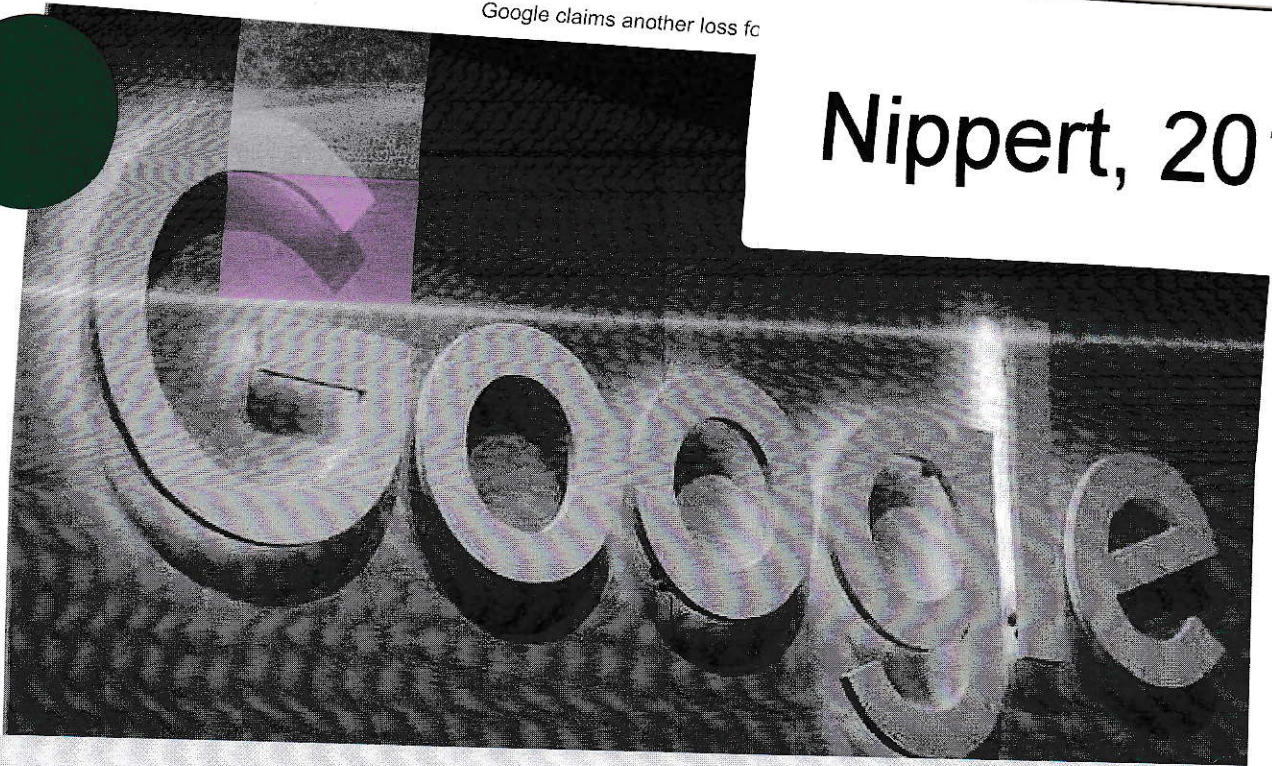


Nippert, 2018



BUSINESS

Google claims another loss for NZ operations

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These figures give an incomplete picture of the company's operations. Photo/Getty Images.

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Search giant Google, one of the most valuable companies on the planet, has reported another loss - growing to \$1m - for its New Zealand subsidiary.

According to accounts for the December 2017 financial year filed to the Companies Office, Google New Zealand, wholly owned by Google's parent Alphabet, reported the loss - up from \$600,000 the year prior - on revenues that had increased 10 per cent to \$13.8m. This loss included \$392,917 paid in income tax.

The widening loss was largely down to increased share-based payments on the back of a rise over the past year in Alphabet's stock price.

The modest revenues and red ink at Google New Zealand gives an incomplete picture of the company's operations. Globally, the company is highly profitable, paying US\$6b in income tax in total last year - mostly in the United States.

Its New Zealand subsidiary's accounts only record service and support fees paid by its parent, and revenues from local customers - estimated to be in the hundreds of millions of dollars - have historically been reported in low-tax Ireland or Singapore.

As signalled earlier this year to the finance and expenditure select committee, the statutory accounts confirm the technology giant will begin recording revenue from New Zealand customers in the accounts of its local subsidiary.

The notes to the accounts said this restructure to "recognise revenue in connection with the marketing and selling of certain services and products to New Zealand based customers" would be completed by the end of the year.

The restructuring follows similar moves by Facebook and comes after multinational tax avoidance - particularly by so-called "weightless" technology companies - became a hot topic internationally and during last years' election campaign.

The local dimension gained prominence largely on the back of a major Herald investigation that showed a cluster of highly-profitable international firms - including Google and Facebook - structured their affairs to pay virtually no tax in New Zealand despite making billions in sales.

The Tax Gap series led the government to announce a crackdown on big corporates in late 2016, with the incoming Labour-New Zealand First coalition continuing the reforms with legislation expected to raise \$300m in additional revenue. is awaiting its third reading in Parliament.

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