Coca-Cola Zero... Tax and the Greek media's deafening silence

Between the largest Greek multinational's excellent tax avoidance performance, and most of the Greek media's silence over companies implicated in the LuxLeaks, one is left to wonder which is the bigger scandal

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From Greece to the British Virgin Islands via Luxembourg

According to a report (link in Greek) by Haris Karanikas - the sole member of ICIJ from Greece - at the centre of the network, between Greece and the British Virgin Islands, lie two companies based in the Grand Duchy: Boval and Kar-Tess Holdings, both shareholders in Coca-Cola 3E, the subsidiary of Coca-Cola HBC in Greece.

Until 2010, companies based in Luxembourg enjoyed a status of extended tax exemptions, based on a notorious law established in 1929, that served as the greatest incentive for companies to move to the Grand Duchy.
It is telling, according to the report in Ta Nea, that Boval and Kar-Tess have existed in Luxembourg since the 70s and 80s respectively, courtesy of the legal framework established in 1929.

In other words, they made use of Luxembourg's tax haven for approximately 40 years. In other words, the Greek state has been losing taxes for 40 years.
However, in 2010, this tax regime was banned, under the pressure of companies and states who charged that it fostered unfair competition.

The companies belonging to CCHBC suddenly found themselves in an unprecedented situation: in a regime of normal taxation like, well, everybody else. As in hundreds of other cases, PcW stepped in to save the day, coming up with a scheme geared to sparing the companies from paying taxes in Greece (with 25%) and in Luxembourg (with 15%)

Luxembourg before the tax exemption regime expired. This move allowed the avoidance of tax payments to the country of origin in adherence to the Agreement on Double Taxation. The sum was not taxed in Luxembourg either, in accordance to the law of 1929.

George David and Anastasios Leventis (the leaders of Greek Coca-Cola) appeared on the board of directors of Kar-Tess in 2009 and listed Lagos in Nigeria as the company's headquarters. (The Leventis family has had ties with Nigeria since 1920).

In May 2009, the general assemblies of the two companies decided to forfeit the privileges they enjoyed under the law of 1929 and come under a status of normal taxation. Did this mean they would, from then on, pay their taxes? Not exactly...
In July 2009, PwC submitted its tax proposal to authorities and an agreement was approved on the same day! A second capital transfer followed, from Luxembourg to the British Virgin Islands (BVI), which was dubbed as interest from an existing loan from Lavonos (see graph) so as to once more avoid getting taxed.

Final step: A new company was set up in Cyprus with the same name (Boval) where the shares of Boval Luxembourg were transferred. From then on, the distribution of dividends to the Cypriot Boval Ltd would be exempted from taxation, as provided by an agreement with the Luxembourg authorities.
In other words, Luxembourg officially seemingly banned its tax exemption regime while at the same time, it set up another such regime through the backdoor with the complicity of PwC.

So although the Greek multinational, and the businessmen that run it, supposedly forfeited all its tax privileges, PwC and the Duchy authorities, acting as accomplices, made sure the aforementioned privileges were reinstated. Lo and behold Coca-Cola Zero Tax.

According to Karanikas's report in Ta Nea, sources from the DG Taxation and
Although Ta Nea newspaper, which is ICIJ's exclusive partner in Greece for the publication of LuxLeaks, had the exclusive rights to the story, it handled it in the following manner: Instead of running it as its headline story as would have been appropriate for such an international and national exclusive, it buried it at the bottom of its front page with a title that made no mention of Coca-Cola .The enigmatic title read:

Luxembourg Leaks: The Greek 'community' in Luxembourg and the tough response of the Germans."

And while the Ta Nea boycotted its own exclusive, the other papers chose to remain completely silent over the previous day's revelations: That EFG Group of the Latsis group and Wind Hellas (telecoms) were among the 'Greek' companies implicated in the LuxLeaks case.

Not one Greek daily mentioned EFG Group on its front page. There were just two exceptions - 'Estia' and 'Efimerida ton Syntakton' that carried the LuxLeaks story on their front pages but stopped short of naming the Greek companies.

And Coca-Cola? Internet news sites limited their coverage to jaded references to the story. Media outlets that post hundreds of stories daily were unable to find space for such a huge international story which concerned the largest Greek multinational company.

As reported before in ThePressProject International, Coca-Cola HBC is one of the most highly advertised companies in Greece (as the American brand is worldwide) and enjoys a wide-ranging immunity of sorts which could also be linked to the status of its Greek owners, especially Mr George David.

Just like the Greek press is pretending that the Coca-Cola tax avoidance case does not exist, the sweeping majority of media outlets silenced the company's boycott , a few months ago, by workers in protest against employee dismissals and the