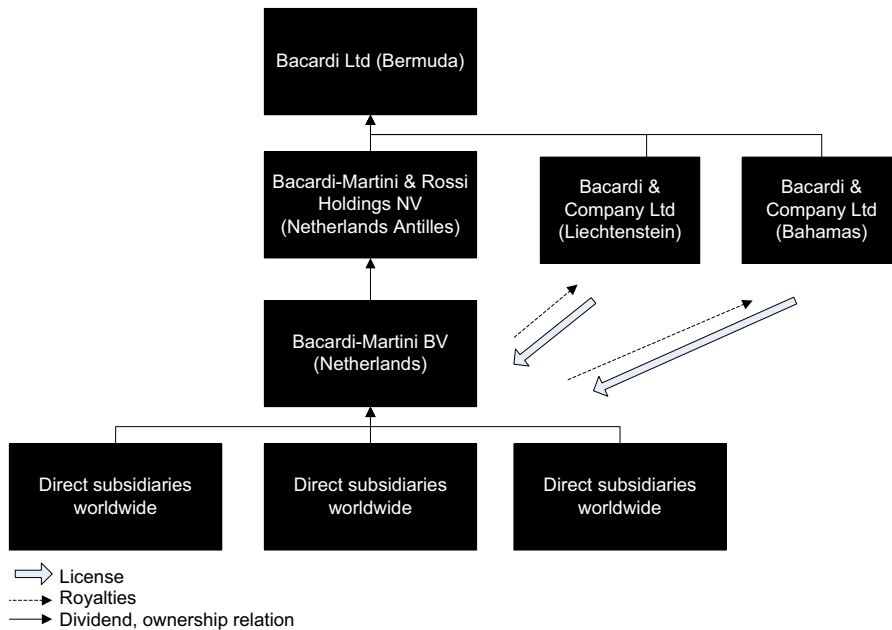


However, this is unlikely in the case of Bacardi-Martini BV, as its interest expenses were only €21 million. It may be possible that the operating margins of the Dutch holding company are lowered due to other high intra-group expenses, though, such as royalty payments for the use of trademarks, included in the cost of sales.

Figure 7: Holding structure of Bacardi-Martini



This cannot be directly assessed on the basis of the financial figures that are publicly available. However, internationally, most of the corporation's trade marks such as the brand names 'Bacardi', 'Tequila Cazadores Reposado', and 'Black Goose' are owned by two companies with the name Bacardi & Company Ltd, one located in Liechtenstein and the other in the Bahamas.⁷⁶ Apparently, these companies are not owned directly or indirectly by the Dutch holding company Bacardi-Martini BV, but held by Bacardi Limited (Bermuda) through a different structure. It is therefore plausible that, in some way or another, Bacardi-Martini BV and its subsidiaries pay for the use of trademarks to the Bacardi subsidiaries in Liechtenstein and the Bahamas, and these royalty payments may form a substantial part of the Dutch holding's consolidated cost of sales.

Theoretically, in the countries in which the corporation operates, this could result in a combined lost tax income in the order of tens of millions of euros due to tax avoidance. If the above assumptions are correct, then in this particular case the Netherlands would be serving as a conduit country for dividends from third countries to the Netherlands Antilles, and possibly for royalties from third countries to the Bahamas and Liechtenstein, and finally on to Bermuda.

⁷⁶ Data from the US Patent and Trademark Office, Sep 2006.