Tax avoidance

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We need better rules to prevent future Paradise Papers

A look at the Greens/EFA proposals

Last week's Paradise Papers offered another disturbing glimpse into the murky world of offshore finance, used by wealthy individuals and big business for tax evasion and tax avoidance.

It highlighted again that the EU member states need to speed-up and agree on key legislative measures such as public country-by-country reporting or public registers of beneficial owners to shed more light and transparency on the world of corporate tax.

Moreover, the PANA inquiry committee adopted strong recommendations with concrete political proposals to prevent activities revealed in Paradise Papers (see the list below).

The final report will be voted by European Parliament in December. We urge the parliamentarians to vote for a strong and ambitious report also in the context of the ongoing Paradise Papers scandal.

List of main Greens / EFA recommendation voted in PANA report

- EU blacklisting process should be more transparent and European Parliament should be involved in regular revisions.
- Put forward proposals to enhance greater tax cooperation between European Member States (obligation to exchange more tax information by answering group requests) in tax matters so that one European country can provide all information necessary to others to prosecute cross-border tax evaders
- Invest more resources to prevent financial crimes
- Professional secrecy cannot be used for the purposes of protection, covering up illegal practices or violating the spirit of law
- Sanctions should be efficient, dissuasive and proportionate
- Lawyers advising clients should be held legally co-responsible when designing tax evasion and

aggressive tax plans punishable by law and money laundering schemes; when they take part in fraud, they shall systematically be liable to both penal sanctions and disciplinary measures

- Ensure that fines and pecuniary sanctions imposed on tax evaders and intermediaries are not tax-base deductible
- Make it obligatory for trusts to always exist in a written form and to be registered in the Member State where the trust is created, administered or operated in order to avoid trusts being misused for tax evasion or money laundering
- The Member States should review prescription periods for money laundering to avoid time-bar as a consequence of competent authorities' failure to act
- Update the definition of what is the taxable presence of a company in a country, in order to tackle the issue of taxing the digital economy
- Present a legislative proposal to address the issue of transfer of company's headquarter in the EU to avoid taxes, including rules to counter letterbox companies
- Introduce a withholding tax or measures with similar effect to avoid profits leaving the EU untaxed
- Asses Member States' citizenship for investment programmes and their compliance with EU law, including anti-money laundering obligations
- Start infringement procedure against Member States for non-compliance with Union law
- Establish a Permanent Inquiry committee in the European Parliament on the model of the US Congress
- No companies or intermediaries involved in tax haven should be able to benefit from EU funding
- No public procurement companies should be accessible for companies using tax havens
- Establishminimum effective tax rate in Europe should, at least in a revised Interest & Royalty Directive
- Accounting firms and financial or tax service provider should be separated to prevent conflict of interests
- All companies should be obliged to justify economic reason why they need to create offshore structures
- Establish legislation for greater tax cooperation including obligation to answer group requests in order to prosecute cross-border tax evaders
- Call on the United Kingdom to regulate its overseas territories given how many of them regularly featured in the Panama Papers
- Reform of the Code of Conduct Group on Business Taxation

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