Press release | 09.12.2014

EU finance council

Christmas gift for big banks and businesses instead of breakthrough on tax avoidance and financial transaction

A Council meeting of EU finance ministers has again failed to finalise the proposed EU financial transaction tax, after the ministers of the 11 participating states could not agree. At the Council today, the finance ministers are set to agree to a revision of crucial EU legislation in the context of tax avoidance, the parent-subsidiary directive, but will fail to fully close the loopholes. Commenting on the Council, Green economics and finance spokesperson **Sven Giegold** said:

“Finance ministers have decided to give Christmas gifts to big banks and businesses at their Council meeting. Despite the 11 member states having committed to a financial transaction tax, they have yet again failed to agree, raising serious concerns as to whether this crucial measure for tackling risky speculation and delivering greater social justice can be implemented. Meanwhile, instead of responding to the massive public pressure to tackle corporate tax avoidance, in the wake of the Lux Leaks revelations, they have merely tinkered with the parent-subsidiary directive and failed to adopt a clear action plan against aggressive tax avoidance.

"While the continued delay with FTT is grating, it is at least welcome that some finance ministers are standing up to pressure from the French government for a lowest-common denominator transactions tax. A financial transaction tax must include comprehensive coverage of derivatives, otherwise it is not worthy of the name. It is precisely the most speculative products that are exempt from a stamp duty approach and they must be brought into the net. Pressure needs to be urgently brought to bear on President Hollande and the French government to drop their selfish defence of narrow national finance sector interests. The revenues from a meaningful FTT are badly needed for investment, fighting poverty and action to fight climate change.

"Finance ministers also failed to close some of the crucial loopholes in the parent-subsidiary directive, instead merely agreeing on a vague anti-misuse rule. Big corporation like Amazon, Google and Starbucks that want to shunt their profits around off the radar to avoid their tax responsibility will be able to continue to do so. Finance ministers are totally ignoring the clear-cut way to prevent the abuse of the legislation, namely by introducing a minimum tax rate. The EU Parliament had called for a provision by which corporations would be obliged to pay at least 70% of the average corporate tax rate in order to avoid double taxation."

(2) A Greens/EFA action plan on tax avoidance and dumping can be found at: http://act-or-go.eu/assets/Actionplan_EN.pdf

Our campaign website can be found at: http://act-or-go.eu/en/about.php

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Sven Giegold

Member

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