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Press release | 02.07.2021

LuxLetters show Luxembourg tried to bypass exchange of information implemented after LuxLeaks - quote from Sven Giegold MEP

New revelations from an international investigation reveals secret tax practices in Luxembourg that could be in breach of EU tax transparency rules. The "LuxLetters" show the existence of a system of 'information letters' between the authorities in Luxembourg and multinational companies designed to gather information on permissible tax practices in secret, in order to circumvent EU rules. EU tax rules were overhauled in the wake of LuxLeaks and other global tax scandals.

Sven Giegold MEP, Finance & Economic Affairs spokesperson for the Greens/EFA Group, Rapporteur of the Parliament on Administrative Cooperation in Tax matters comments:

"These latest revelations are a slap in the face of the other EU member states seven years after the LuxLeaks scandal. This investigation shows that the authorities in Luxembourg participated in a system to bypass the EU's tax rules that were set up to prevent tax avoidance by large corporations. The EU's existing rules are already too weak, but the LuxLetters revelations show that they are not even being applied properly in the first place. EU member states are bound by the principle of sincere cooperation and Luxembourg promised after the Open Lux scandal that they would fully implement information exchange in the EU.

"This international investigation shows: Luxembourgish authorities maintained close cooperation with multinationals in secret following the LuxLeaks scandal. If tax administrations do not cooperate unconditionally across borders, even a global minimum tax will have only limited effect. We need a new spirit of tax cooperation that breathes life into this historic OECD agreement. The dismissive reaction of the Luxembourg government reinforces the impression that sincere cooperation with EU member states is lacking. As the practice has so far taken place in secret, we cannot measure precisely the economic damage caused. It's time for full transparency from the Luxembourg government about the extent of this practice.

"I will make the LuxLetters the subject of the next plenary debate on tax cooperation between the Member States and introduce corresponding amendments in the European Parliament. The Commission needs to enforce the existing rules, such as the obligation to automatically exchange information around tax rulings and other agreements with a similar effect. The Commission should open an investigation into these practices immediately."

More:
The investigation was carried out by Le Monde (France), Die Süddeutsche Zeitung (Germany), El Mundo

(Spain), Woxx (Luxembourg) and Investigative Reporting Project Italy (Italy), with the Tax Justice Network and The Signals Network. More information can be found here. This revelations show that Luxembourg is both in breach of DAC 3 and OECD Action 5. The latter is an OECD minimum standard and Luxembourg is being scrutinized in peer reviews. This also raises the question whether these informal rulings do not constitute state aid. All these informal arrangements should be made public.

Ahead of the G20 Ministers of Finance Meeting next week, the OECD Inclusive Framework met yesterday and agreed to a deal among 130 jurisdictions. It is now expected that this statement will be politically endorsed next week by the G20 Ministers of Finance. The statement includes a deal on a minimum effective tax rate of at least 15% to be brought into law in 2022 and effective in 2023. Nine jurisdictions did not sign up to the statement, including three EU Member States: Estonia, Ireland and Hungary. Cyprus is not part of the OECD Inclusive Framework.

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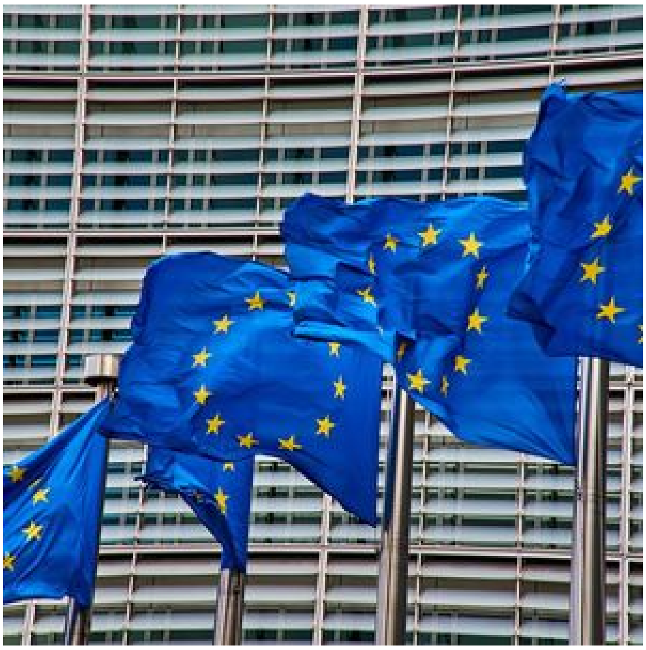

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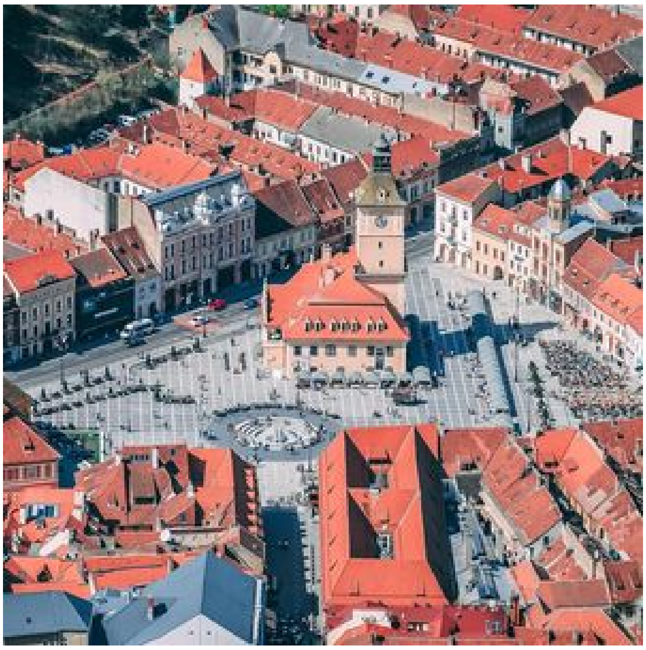

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