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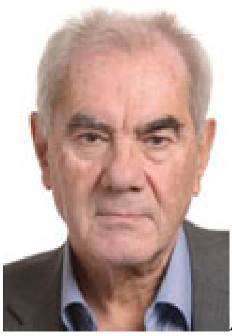
Money lost to tax evasion is worth whole EU budget

Press release from EFA MEP Ernest Maragall (Catalonia)

MEP **Ernest Maragall** has welcomed a series of recommendations approved by the European Parliament to tackle corporate tax evasion, following a special committee of enquiry of which he is a substitute member.


MEP Ernest Maragall

The vote comes on the same day that the European Parliament gave its backing to the EU budget for 2016.

Mr Maragall used the occasion to point out that the amount of money lost to tax evasion and aggressive tax planning is similar to the total annual EU budget.

The MEP argued for a common EU corporate tax rate as the best way to prevent tax evasion and ensure a level playing field across Europe.

Ernest Maragall also hopes that the European Parliament will extend the mandate of its special committee on tax rulings, which has been instrumental in shining a light on corporate tax evasion in Europe.

Ernest Maragall said:

"The European Parliament has this week approved both the report on fraud and fiscal evasion, drafted by the special committee created after the Luxleaks scandal, and the EU budget for the year 2016.

"Both issues are closely related, not least because the amount of money lost to tax evasion and aggressive tax planning is similar to the total annual EU budget, thanks to existing tax loopholes.

"Whilst it's enormously difficult to persuade EU Member States to make any increase to the EU budget, it remains surprisingly easy for large corporations to shift their profits to low or zero tax rate countries. Are they taking advantage of our failure to harmonise taxes and fiscal procedures in Europe?

"The recommendations of our Committee of enquiry call for country by country reporting, obliging corporations working in the single market to report separately for each individual country in which they operate.

"Incredibly, some Member States still believe they can come out on top through this kind of fiscal competition, even if that means a loss to the EU as a whole. But if that approach continues, ultimately the only beneficiaries will be big corporations themselves and the US itself in the case of US corporations. Because, as companies pay less of their taxes in the EU, more profits will be taxed in the US, even if that's after some temporary deferral to Bermuda or the Cayman islands.

"Conversely, a common EU corporate tax rate could not only avoid tax evasion, it could replace the current contributions made by the Member States to the EU budget, and even increase it.

"There's no doubt that the main beneficiaries of the single market are corporations operating across borders, why shouldn't they therefore contribute fully to its maintenance and future growth?"

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Ernest Maragall

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