Tax avoidance

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New Greens/EFA report on the tax race to attract the wealthiest

Tax justice

On the third anniversary of the Panama Papers (Wednesday April 3rd) the Greens/EFA group in the European Parliament is launching a new study "Competing for the rich: Tax exemptions and special schemes for the rich", revealing how governments in the European Union compete to attract the super-rich through tax breaks and other preferential treatment.

More than 160,000 people in ten EU countries currently benefit from completely legal tax dumping and avoid their fair share of income tax in their country. The frontrunners of tax injustice are the Netherlands and Great Britain, each with more than 50,000 beneficiaries of dubious residence rules. The Greens/EFA call on the European Commission to present an action plan to put an end to harmful tax competition, in particular by drawing up an plans against double non-taxation and tax evasion.

Sven Giegold, economics affairs spokesperson for the Greens/EFA group comments:

"Three years on and it seems that EU countries have learnt the opposite lesson of the Panama Papers and are desperate to model themselves on far flung island tax havens to attract the super-rich.

"While citizens have spent the last three years demanding tax justice, EU Member States have been increasing inequality by competing to give preferential treatment to the wealthiest one percent. The very notion of European solidarity, which forms the basis of the EU's treaties, is completely undermined by different governments encouraging tax evasion to out manoeuvre each other.

"European tax competition has entered a new phase: After juggling for tax fraudsters and large multinationals, Member States are competing for the super-rich. The Commission must present an action plan on how to end the tax avoidance of the super-rich. Governments can no longer stand by and watch the tax dodging, but must demand this action plan."

Molly Scott Cato, tax spokesperson for the Greens/EFA group comments:

"The social contract in the European Union is broken, this race to attract the very rich is a really a race to the bottom for public finances and services as the rest of the population foots the bill.

“It is clear that Brexit is fuelling the race to the bottom on tax rates in the UK and it's encouraging countries in the EU27 will be to entice financiers and other wealthy elites, while the UK will try to stem this through tax regimes which further undercut EU rates. Brexit stands in the way of putting a stop to tax injustice. The way to avoid this is for the UK to remain in the EU and to work collectively and cooperatively with other European countries to end unfair tax competition across the EU.”

"The lessons of the last few years is that EU Member States alone cannot be trusted to bring about tax justice, we need to end the veto over division making on tax issues in the European Council. European citizens expect the EU to take the lead in putting a stop to tax injustice."

Background:

- Fifteen EU countries plus several countries or territories within the European Economic Area (EEA), such as Switzerland or Gibraltar, offer special tax schemes to more than 160,000 beneficiaries. With approximately 50,000 beneficiaries each, the UK and the Netherlands offer the biggest such schemes, and both countries have a long and controversial history in this area.
- Although the UK has very reluctantly and gradually restricted its famous 'non-dom' schemes, combined these still equate to a total UK income of roughly £120 billion a year.
- The EU member states are inviting not only Apple, Facebook and Amazon, but also super-rich people like Christiano Ronaldo to reduce their tax burden.
- 19 EU Member States tax capital less than labour.
- Most recently, Cyprus and Italy have introduced very aggressive schemes that combine many of the advantages from other EU countries and lower the taxes due to a minimum.

The study "Competing for the rich: Tax exemptions and special schemes for the rich" can be found here: http://extranet.greens-efa-service.eu/public/media/file/1/5920

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