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[Press release](#) | 16.09.2021

Parliament report shows Member States must raise the bar on tax cooperation in Europe

Today, Members of the European Parliament voted on a report from Greens/EFA MEP Sven Giegold that assesses the implementation of EU rules regarding the exchange of tax information between Member States. It is the first implementation report the European Parliament has ever put forward in the area of economic and monetary policy. The European “Directive on Administrative Cooperation in the Field of Taxation” (DAC) has been in place since 2011 and has since been extended six times. While progress has been made, the report identifies significant shortcomings with regard to the effective implementation of EU tax law in the member states.

Sven Giegold MEP, Greens/EFA rapporteur on the ‘Report on the implementation of EU requirements for the exchange of tax information: Progress, lessons learned and obstacles to be overcome’, comments:

“Billions of euros in tax revenue are lost every year due to tax evasion, tax avoidance and tax fraud. Citizens have a right to know what Member States are doing about it.”

“Good progress has been made in EU tax law. Yet, EU Member States are not doing enough to make tax cooperation work in practice. Failure to properly apply existing tax rules leads to increasing inequality and creates risks for fraud, corruption and tax evasion and avoidance. There is still a lot of information about income and assets that is not systematically shared across borders and the information that is shared is underused and of mixed quality.”

“Despite the internationally documented shortcomings in the effective implementation of EU law the Commission has not opened a single infringement case against a Member State to rectify the situation. The Commission must be far more stringent with EU Member States and start infringement proceedings immediately. The upcoming revision of the Directive on Administrative Cooperation must be used to make a great leap forward in tax cooperation.”

“Instead of protecting national tax sovereignty, tax competition destroys it. It deprives societies of much-needed tax revenue and exempts large companies and wealthy individuals from paying their fair share. Promoting tax competition in the middle of a pandemic and in the face of the climate crisis is a sign of political bankruptcy from the right wing of the Parliament. Thankfully, a majority has rejected this call, but the fact that such amendments are openly supported by many Christian Democrats and Liberals reveals their disregard for fair competition and tax justice.”

“Unfortunately, our findings are incomplete as the Council and the Commission refused to give the

Parliament access to the information needed to fully assess the effective implementation of this Directive. The Commission effectively obstructed the Parliament's right and responsibility to control the Commission's work as enshrined in the Treaties. Therefore it is key that the Parliament voted with large majority: The European Parliament must use all legal means at its disposal to get access to the documents needed to complete its work, including by going to court."

More:

Report and plenary amendments

Plenary AMs on tax competition tabled by European Conservatives and Reformists to weaken the report

A majority also voted to add references to the LuxLetters revelations, deploring the practice of shadow tax rulings in Luxemburg

Background:

International reviews conducted by the OECD Global Forum and the Financial Action Task Force document the extent of the shortcomings in the Member States: 10 have not fully implemented the rules for the automatic exchange of tax information in the EU. Romania does not even have the legal framework in place for the automatic exchange of information. The international review of the measures taken by Member States to prevent money laundering and terrorist financing is even more damning: Of the 18 Member States reviewed, none of them received a rating indicating a high level of effectiveness. This indicates a clear lack of effective implementation of the measures which are not only needed to prevent financial crime, but which provide the basis for effective cooperation in tax matters as well.

Further information will soon be available here

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