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Press release | 22.01.2019

Vast differences in corporate tax rates across EU shows urgent need for transparency – new report

Tax

Today, a new report by the Greens/EFA group in the European Parliament shows the privileges given to multinationals through low corporate tax rates across Europe. The report 'Effective Tax Rates of Multinational Enterprises in the EU' quantifies the difference between nominal and effective tax rates for multinationals in the EU. Effective tax rates in the European Union (15% on average) are well below nominal tax rates (23%). Multinationals may have an effective tax rate as low as 2% and as high as 30% across the EU.

The report demonstrates the urgent need for European Member States to stop blocking progress around more tax transparency in the Council and move forward on legislation such as country-by-country reporting (CbCR) and a common consolidated tax base (CCTB).

This new report comes a day after Oxfam published information showing that the world's 26 richest people own the same amount as the poorest half of the population.

Molly Scott Cato, Greens/EFA tax spokesperson, comments:

"The failure of the EU Council to progress policies against tax avoidance represents a failure of European solidarity. Rather than ensuring justice for citizens in Europe and across the world, EU member states have allowed themselves to be dragged into a game of beggar-thy-neighbour, which only the corporations will win.

"Such vastly different corporate tax rates between different EU countries allows multinational corporations to game the system and lower their tax bills by shifting their taxable operations to the lowest bidder. Tax loopholes cost European taxpayers billions every year. The transparent reporting of taxes according to where they are paid is the essential first step to ending this iniquity and EU governments must stop blocking the current proposals on country-by-country reporting. We need the unified taxation system for corporations that has been blocked in Council throughout the life of this Commission.

"Countries that block these essential tax reforms are colluding in ever-increasing social inequality, and the loss of faith in democratic politics that it causes."

- [Report: Effective Tax Rates of Multinational Enterprises in the EU]

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Responsible MEPs



Molly Scott Cato

Vice-President

Contact person



Alex Johnson

Press & Media Advisor EN (English language press)

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