

The Roadmap Towards The Green Tax Fix

Taxation is key to reviving the social contract and healthy democracies: a powerful instrument to curb inequality, fund effective public services, promote sustainability and eliminate socially and economically destructive behaviour by companies and individuals.

However, in our current European and national systems, this power remains shockingly underutilised. Instead, tax havens syphon fiscal resources from their neighbouring countries. Multinationals exploit loopholes to lower their tax bills while profits are increasing. Wasteful tax incentives incentivise polluting behaviour. The wealthiest individuals are undertaxed while modest and average wages carry the weight of taxation.

We call on the European Commission to come forward with an EU social contract. The Commission needs to launch a comprehensive evaluation on how Member States have facilitated tax loopholes and harmful incentives. This social contract must provide an impact assessment of these harmful practices on the most vulnerable households, on the country's public infrastructure and on the environment.

The EU and its Member States have for too long shied away from truly fair, green and social tax policies in order to protect the interest of the most powerful individuals, multinationals and big polluters in the name of reckless competition or the blind pursuit of profits and GDP growth.

To achieve fair, green and social taxation by 2050, we need the following actions to be undertaken:

1. Better decision-making for fairer outcomes

1. The Commission should revive the debate on moving to qualified majority in tax matters.
2. In the short term, the European Parliament needs to be an observer to the Council in tax matters when decisions are taken under unanimity.
3. The Commission should use the tools at its disposal to pass tax legislation through qualified majority and not unanimity in order to avoid vetoes fuelled by individual interests. Equally, those countries who are able to reach an agreement should look to move forward with decision-making by using the tool of enhanced cooperation.

2. End tax havens & secrecy

1. We need to stop small updates of the European blacklist of tax havens. We need a strong and comprehensive reform now. The blacklist should be free from political interference and should be based on stronger criteria.

2. The EU needs to ban shell companies, and it has to do it now. The super-rich and greedy companies must no longer be able to hide behind fake companies to avoid paying their fair share of taxes.
3. The revision of the EU's anti-money laundering package is an opportunity to have strong rules on beneficial ownership and put in place registries for real estate and luxury assets in the EU so that we know where the super-rich have their wealth and we can establish appropriate sanctions.
4. Member States must produce annual reports on their national tax incentives so there is transparency about the different loopholes that corporations, polluters and billionaires can exploit and so we can bring them to an end.

3. Tax extreme wealth not labour

1. We urgently need an adequate and proportional minimum tax on capital gains. At the moment, some Member States have 0% rates on capital gains giving wealthy individuals plenty of opportunity for tax planning, most in particular through Luxembourg and Belgium.
2. A tax scoreboard is needed to rank Member States in the EU according to the fairness of their tax systems. The Commission should lead on this and incorporate it in the European Semester.
3. We must stop wasteful tax incentives for both companies and individuals.

4. Multinationals should pay their fair share

1. The minimum tax directive should be passed under enhanced cooperation or unilaterally implemented at member state level.
2. The Commission needs to introduce a windfall tax of 50% across all sectors in the EU .
3. Corporate income tax rules need to be harmonised in the EU once and for all.
4. We need to make sure we have multinational agreements that ensure that taxes are paid where revenues are made. To make sure there are no obstacles in the fair taxation of multinationals.
5. Harmful tax incentives for intellectual property need to be eliminated in the EU.
6. Dividends, royalties and interests must be taxed at a minimum of 15% in the EU.

5. Green taxes for a just transition

1. Fossil fuel subsidies through tax incentives need to be eliminated. At the moment, €35 billion are spent yearly on fossil fuel subsidies by Member States.
2. Member States need to agree on the revision of the energy taxation directive and protect vulnerable households at all costs.

3. The European Commission needs to put forward taxes on natural resources.
4. The EU needs to lead on a minimum carbon price at international level.

We know there can be tax justice in the EU. We know we can close the inequality gap in the EU. But for this, we need the EU to be brave. An EU that we can be proud of is an EU that does not surrender to the powers of billionaires and multinationals. It is one that ensures that the people and the planet are at the core of all its decisions, not profit.