



**Group of the Progressive Alliance of
Socialists & Democrats
in the European Parliament**

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S&D Group key demands in tackling tax fraud, tax avoidance, tax evasion, aggressive tax planning and tax havens

Priority 1 - Transparency

1. Establishment of beneficial ownership registers of up-to-date information on the beneficial owner of any legal entity such as legal persons, trusts, foundations, companies, holdings and all other similar existing or future legal arrangements created in their territories in all EU member states, with information on name, number, legal form and status of the entity, proof of incorporation, address of the registered office (and of the principal place of business if different from the registered office), the basic regulatory powers (such as those contained in the Memorandum and Articles of Association), the list of directors (including their nationality and date of birth) and shareholder/beneficial owner information, such as the names, dates of birth, nationality or jurisdiction of incorporation, contact details, number of shares, categories of shares (including the nature of the associated voting rights) and proportion of shareholding or control, if applicable

2. Establishment of a central public registry which would contain the minimum information to clearly identify the company and its beneficial owner, and which is accessible on-line and in an open and secure data format. Access to such the registry should be granted to competent authorities, in particular Financial Intelligence Units and obliged entities, as well as to the public subject to prior identification of the person wishing to access the information and to the possible payment of a fee. In addition, trustees should declare their status to obliged entities

3. Under country by country reporting, multinationals would have to break their information down by country of operation – including in each tax haven – so that citizens and authorities can see what the corporations are doing in their countries. Calls therefore on the Commission to introduce as a next step country by country reporting for cross-border companies in all sectors and in all the countries in which they operate, including non-cooperate jurisdictions and tax havens so as to ensure taxation of multinational companies

Priority 2 - Corporate governance to play a greater role and multinationals to contribute to the real economy

4. S&D Group urges the Commission to put forward a proposal on legislative follow-up at the EU level on the OECD BEPS recommendations (Base Erosion and Profit Shifting)

5. Making 'wilful blindness' a criminal offence: we can bring hard penalties against the pinstripe intermediaries who help the tax evaders. The IMF and other bodies dealing with money-laundering must officially make tax evasion a money-laundering offence

6. Competent authorities should suspend or revoke the banking licences of financial institutions and financial advisers if they assist in tax fraud

7. The Commission and member states need to implement stronger sanctions so as to prevent companies breaching EU tax standards: Commission should refrain from granting EU funding and the member states should refrain from giving access to state aid or to public procurement to these companies

8. Calls for a review of the mandate of the Code of Conduct Group in order to improve its effectiveness and provide ambitious results for example by setting up the obligation to publish tax breaks and subsidies for corporations

9. The creation of an EU Tax Authority, with its own human resources, which would cooperate with national administrations in prosecution of cross-border fiscal crimes

10. Urges the member states to agree on a common anti-abuse rule

10a. Calls for stronger legislation for auditing companies

Priority 3 - Tackling tax havens

11. The Commission should adopt a clear definition and common set of criteria to identify tax havens. Whereas the current list from the OECD is empty, this clearly does not mean we do not have any tax havens. This definition could be based on the existing OECD definition and the 1997 EU Code of Conduct

12. In parallel, the Commission should compile and create a public European blacklist of tax havens

13. Many bilateral tax agreements are being made between EU member states and third countries (with only sub-optimal results). But the EU should unite with one voice and thereby be even stronger in international fora such as the OECD, G20, G8..., and solely the Commission ought to negotiate on tax agreements with third countries on behalf of the EU

14. The EU, in its fight against tax havens, should offer cooperation and assistance to developing third countries which are not tax havens, helping them effectively tackle tax fraud and tax avoidance

15. Welcomes the recent agreement on the Automatic Exchange of Information and asks for thorough supervision of the implementation; calls for tax agreements to be concluded also with third countries such as Switzerland, Liechtenstein, Andorra, Monaco, San Marino before 31st December 2014 in order to ensure a coherent tax framework in Europe

16. Insists on rapid follow-up to the Moscovici commitment to add exchange of information from member states on all tax rulings that they strike with multinational companies into EU legislation - this could be via a review of the existing administrative cooperation directive

Priority 4 - Halve the tax gap by 2020

17. Member states should halve their tax gaps by 2020 (this is a realistic target if the right measures are taken!)

18. Commission and member states to enhance the use of the European Semester by integrating the EU tax gap strategy into the annual national stability and growth programmes and national reform programmes

19. The EU VAT system provides for a significant part of public revenues – 21 % in 2009 – but is also the cause of unnecessary compliance costs and tax avoidance, indeed, since the introduction of VAT, the model has never been updated. We are concerned that €177 billion in VAT revenues was lost due to non-compliance or non-collection in 2012 (16% of total expected VAT revenue of 26 MSs)
Commission to put forward concrete proposals to tackle the VAT gap and to evaluate proposals on an alternative VAT system by Spring 2015

Priority 5 - unblocking key legislation in Council

20. Calls for unblocking of the introduction of a compulsory (vs. voluntary) CCCTB, an ambitious FTT (which does not penalise the real economy by taxing shares only, but also taxes derivatives) and the Energy taxation Directive

Other demands

21. Shifting taxation from labour to capital as a counter cyclical fiscal policy that encourage fair redistribution of wealth and promote equality in our societies - we have to shift the burden from labour to capital, and in effect increase the levels of available disposable income allowing for a greater consumption propensity

22. Linked to the above, the S&D Group should also push for pursuing environmental taxes (see also point 20. On the Energy Taxation Directive) so as to use energy taxes to their full extent in climate and energy policy to mitigate the overall cost of the policy

23. Adequate staff resources is key to ensure efficient tax collection and enforcement, regrets that national reforms in the public sector have resulted in inadequate staffing and resource allocation in tax administrations and tax audit authorities

24. The Commission should provide more budgetary resources and staff to DG TAXUD to help it develop EU policies and proposals concerning double non-taxation, tax evasion and fraud

25. The Commission should develop appropriate EU standards or proposals as appropriate, in cooperation with the OECD, to address the challenges of taxation of the digital economy

26. Directive to defend whistleblowers

