Britain joins move to block MEPs' access to stash of secret tax files

Archives contain details of deals with multinationals

Releasing papers 'puts frank discussion at risk'

Simon Bowers

Britain has joined Luxembourg, the Netherlands and Belgium to block attempts by MEPs to gain access to secret European archives detailing some of most controversial tax policies tailored for multinationals over almost two decades.

Over 17 years a trove of technical documents and discussion papers has been shared in Brussels by member states in a little known EU group, sitting in private, which was set up to combat harmful tax competition and to curb aggressive tax avoidance by multinationals.

A special committee of MEPs is keen to access the files as they explore the reasons behind Europe's failure to curb aggressive tax planning by multinationals.

The committee was set up by the European parliament this year in response to the LuxLeaks scandal, which exposed the huge scale on which Luxembourg tax office was privately granting generous tax breaks to global corporations.

While politicians around Europe were quick to condemn sweetheart deals for multinationals, plans for a concerted crackdown have been mired in disagreement. A group of politicians, academics and campaigners have written a letter to the Guardian calling on the European commission and member states to ignore fierce corporate lobbying and redouble their efforts.

Signatories include former president of the European commission Romano Prodi, UK shadow chancellor John McDonnell and economist Thomas Piketty. Tax campaigners will also organise protests outside more than a dozen finance ministries around Europe to mark the anniversary of the LuxLeaks scandal.

The European commission has said it is happy for MEPs to see, in private, the archives of the code of conduct group, but has asked each state to issue consent.

Most leading EU economies, including France, Germany and Italy, have agreed to allow MEPs access to papers they contributed to the archive. But 13 have resisted. These include Belgium, Latvia, Estonia, Malta, the Netherlands, Spain and Britain.

Asked why Britain was not joining other major economies and allowing MEPs to review the papers, the Treasury told the Guardian that doing so would jeopardise the likelihood of candid discussions and sharing vital information in the future.

It said: "As direct taxation is a matter for EU countries, discussion on these matters takes place between governments and information is often provided that is confidential in nature." Keeping documents

Margaret Hodge MP had led the battle against arcane tax arrangements for multinationals as the chair of the public accounts committee

secret, it argued, meant countries could have "open discussions on strengthening tax rules and on ensuring these are followed across the EU".

This explanation was met with scepticism by some tax campaigners. Dame Margaret Hodge, former chair of the Commons public accounts committee, said: "I deeply regret the UK's attitude.

Fabio De Masi, a German MEP, said: "I am an elected member of parliament and it is my duty to know whether member states allow multinationals to empty the pockets of citizens."

Britain's position is a particular frustration as other countries, notorious for aggressive tax competition, are using it to justify their non-cooperation. Luxembourg, for example, told the special committee it will provide access to documents if all other member states do the same.

Letters, page 38 →

The model and singer Twiggy opening an M&S store in Birmingham yesterday Photograph: Graham Stone/Rex

No old maids in the mist

'The Orwell bridge in Ipswich, Suffolk, as the fog rolled upriver from the sea' Photograph: Anne Gould/ GuardianWitness

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damental point that this debate is not really about pay at all. The government's real agenda is to remove supplements for antisocial hours so that doctors can be asked to do routine work at weekends or long into the evenings without their employers incurring financial penalty.

Doctors have always accepted the impact on family life that results from being available in "antisocial hours" to cover medical emergencies, and as a result we already have a "24-hour NHS" when it's needed. However, extending the routine working day into the weekends and far into the night would make it almost impossible to balance the demands of a career in medicine with a normal family life. Junior doctors don't want more pay, but they do want to be able to come home at night in time to see their children.

Dr Patrick Fox
Consultant neurophysiologist, Fortrose

• It is dubious to describe this offer as a "pay rise". Jeremy Hunt is proposing to increase basic salary but take away banding and overtime pay, which would lead to a pay cut for nearly every junior doctor. Those who receive no banding or overtime, ie the only ones to conceivably get a "pay rise", are a rarer breed than snow leopards.

Dr Cristina Psomadakis
London

The EU must act on corporate tax-dodging

One year ago today, the LuxLeaks scandal revealed publicly the content of tax rulings issued by Luxembourg to more than 340 multinationals between 2002 and 2010. These secret deals from Luxembourg allowed many of these companies to slash their global tax bills. Some firms enjoyed effective tax rates of less than 1%.

This was further proof that European countries are competing with each other by offering a variety of creative tax measures, thus depriving other countries of important parts of their due tax revenues - and lowering total tax revenues across the whole of Europe. This is money that countries could have used for public services, healthcare or schools.

One year has passed and still no ambitious measures at European level have been agreed upon. Strong and effective action is urgently needed; business as usual is not an option. The European Union should ensure that multinationals pay their taxes where they make their profits. We strongly advocate for ambitious reforms to clamp down on tax fraud, close legal loopholes, effectively sanction tax havens, fight corruption and money-laundering, and improve transparency and cross-border cooperation.

Specifically, we call on EU member states and the European commission to support the obligation for public country-by-country reporting. This would oblige listed companies to make public their activities and the taxes they pay in each country in which they operate, in order to allow tax authorities, investors and all stakeholders to properly assess their activities and tax strategies and to take action in case of inappropriate or illicit corporate behaviour.

It is high time for member states to learn the lessons of LuxLeaks, finally put an end to multinationals' tax-dodging, and start working towards a fair system of company taxation. This is an essential precondition for finally reigniting economic growth in the EU for the benefit of both citizens and companies. The stakes could not be higher.

John McDonnell MP, Thomas Piketty, Richard Murphy *City University*, **Glenis Willmott MEP, Anneliese Dodds MEP, Neena Gill MEP, Seema Malhotra MP, Paula Sherriff MP, Paul Kenny** *GMB*, **Winnie Byanyima** *Oxfam International*, **Luca Visentini** *European Trade Union Congress*, **Romano Prodi, Jean-Paul Fitoussi** *Co-chair, Progressive Economy scientific board* **and 21 others** *(full letter and list of signatories at gu.com/letters)*

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