

Aggressive tax planning – The TAXE 2 report

The special committee on tax rulings and other measures similar in nature or effect (TAXE 2) adopted its report on 21 June 2016. The report is now on the agenda for the plenary on 4–7 July 2016, with a vote planned for 7 July.

Background

Following the [LuxLeaks revelations](#), which broke on 6 November 2014, the European Parliament [decided](#) on 12 February 2015 to set up a special committee on tax rulings and other measures similar in nature or effect (TAXE 1). On 25 November 2015, Parliament adopted its [resolution](#) on the issue. It then proceeded, on 2 December 2015, to [set up](#) a new special committee – TAXE 2, again chaired by Alain Lamassoure (EPP, France). The aim of TAXE 2 was to build on and complete the work carried out by its predecessor and, in particular, to address unresolved issues raised by previous Parliament recommendations, for example on harmful corporate tax regimes and Member State cooperation on aggressive tax planning, and to analyse and assess aggressive tax planning carried out by companies established or incorporated in the Member States.

Key elements in the TAXE 2 report

On 21 June 2016 the TAXE 2 Committee [adopted](#) its [report](#) on tax rulings and other measures similar in nature or effect (Rapporteurs: Jeppe Kofod (S&D, Denmark) and Michael Theurer (ALDE, Germany)).

The report recommends introducing sanctions against non-cooperative tax jurisdictions included on a blacklist of tax havens to be drawn up by the Commission. The Committee calls for such sanctions to apply also to companies, banks, and accountancy and law firms, and to tax advisers proven to be involved with those jurisdictions. In practice, sanctions could include the possibility of revoking business licences for professionals and companies proven to be involved in designing, advising on the use of, or utilising aggressive tax planning and evasion schemes.

The report also places strong emphasis on the protection of whistleblowers, whose revelations of misconduct and illegal and wrongful practices, as stated in the report, should be clearly considered to be in the public interest, and calls on the Commission to propose a clear legal framework in order to secure effective protection not only for whistleblowers, but also for journalists and other people connected with the press who aid and facilitate them. Such protection is, according to the report, of great importance considering the fundamental role that whistleblowers play in exposing misconduct and illegal and wrongful practices.

Moreover, the report underlines the negative consequences of patent boxes, already highlighted by the TAXE 1 Committee, and calls for a complete ban by 2021. These schemes can be assumed in most cases to be used by multinational companies for tax avoidance purposes.

The report welcomes the Commission's publication of the [Anti-Tax Avoidance Package](#) on 28 January 2016, and urges the Commission to present a proposal on a common corporate consolidated tax base ([CCCTB](#)) as well as on [transfer pricing](#), which plays an important role in [profit shifting](#). Furthermore, it emphasises the importance of international cooperation between the EU, G20, OECD and UN, and of the contribution from national parliaments on tax avoidance and evasion issues.

Outlook

On 8 June 2016 the European Parliament [decided](#) to set up a Committee of Inquiry to investigate alleged contraventions and maladministration in the application of Union law in relation to money laundering, tax avoidance and tax evasion (the '[Panama Papers](#)' committee). The vote on the appointment of the [65 members](#) of the committee of inquiry took place on 23 June. This committee will submit its final report within 12 months of the date of the decision to set it up.

