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EUROPEAN PARLIAMENT DRAFT RECOMMENDATION TO THE COUNCIL AND THE COMMISSION

pursuant to the third subparagraph of Rule 198(10) of the Rules of Procedure

following the inquiry into money laundering, tax avoidance and tax evasion (2016/3044(RSP))

Werner Langen, Jeppe Kofod, Petr Ježek
on behalf of the 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

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European Parliament draft recommendation to the Council and the Commission following the inquiry on money laundering, tax avoidance and tax evasion (2016/3044(RSP))

The European Parliament,

– having regard to Articles 116 and 226 of the Treaty on the Functioning of the European Union (TFEU),

– having regard to Decision 95/167/EC, Euratom, ECSC of the European Parliament, the Council and the Commission of 19 April 1995 on the detailed provisions governing the exercise of the European Parliament's right of inquiry[1],

– having regard to its decision of 8 June 2016 on setting 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[2],

– having regard to its resolutions of 25 November 2015[3] and of 6 July 2016[4] on tax rulings and other measures similar in nature or effect,

– having regard to its resolution of 16 December 2015 with recommendations to the Commission on bringing transparency, coordination and convergence to corporate tax policies in the Union[5],

– having regard to the Commission report of 26 June 2017 on the assessment of the risks of money laundering and terrorist financing affecting the internal market and relating to cross-border activities (COM(2017)0340),

– having regard to the Platform of the Financial Intelligence Units of the European Union (EU FIUs' Platform) mapping exercise and gap analysis on EU FIUs' powers and obstacles in obtaining and exchanging information, of 15 December 2016,

– having regard to the draft recommendation of the Committee of Inquiry on Money Laundering, Tax Avoidance and Tax Evasion,

– having regard to the final report of the Committee of Inquiry on Money Laundering, Tax Avoidance and Tax Evasion (A8-XXXX/2017),

– having regard to the third subparagraph of Rule 198(10) of its Rules of Procedure,

1. General

[1] OJ L 113, 19.5.1995, p. 1.
[2] Texts adopted, P8_TA(2016)0253.
[3] Texts adopted, P8_TA(2015)0408.
[4] Texts adopted, P8_TA(2016)0310.
[5] Texts adopted, P8_TA(2015)0457.

1. Notes with concern that the Panama Papers have shaken citizens' trust in our financial and tax systems; stresses how crucial it is to restore public confidence and ensure fair and transparent tax systems and tax and social justice; calls, to this end, for the European Union and its Member States to properly implement and reinforce their legal tools to shift from secrecy to transparency, mutual cooperation and exchange of information, and to counter money laundering more effectively, and for Member States to simplify their tax systems, in order to ensure fairer taxation and to invest in the real economy;

2. Emphasises the urgent need to redefine the European taxation model in order to limit unfair competition between the Member States;

3. Deplores the number of cases of maladministration that Parliament's 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 has uncovered in relation to the implementation of EU legislation, and underlines its serious concerns about breaches of the Anti-Money Laundering Directive III (AMLD III)[1] related to cooperation by Financial Intelligence Units' (FIUs); urges both the Commission and the Member States to step up their efforts, commitments, cooperation, and investments in financial and human resources to improve supervision and enforcement, not only with a view to preventing and fighting against illegal practices, such as money laundering, tax evasion and tax fraud, more effectively, but also in order to prevent and combat tax avoidance and aggressive tax planning, which may be legal, but are contrary to the spirit of the law; recalls the principle of predictability of charges being brought; calls on the Commission and the Member States to ensure that any breach of law is duly punished; insists on the cost-effectiveness of efforts to this effect;

4. Calls on the Member States to refrain from pursuing supply-side aggressive tax planning through the advertising and offering of tax rulings and advantages or ad hoc rules;

5. Considers it regrettable that many loopholes still exist in the current legislation on tax evasion and anti-money laundering at both EU and national level, and considers that thorough implementation and further strengthening of the existing legislation is urgently needed; welcomes the increased efforts and progress made since the publication of the Panama Papers in putting forward new legislative proposals aimed at introducing inclusive strategies, but regrets the lack of political will among some Member States to make progress with reforms and enforcement that would bring effective change;

6. Considers it regrettable that tax policy issues at Council level are often blocked by individual Member States; reiterates warnings made by the TAXE1 Committee according to which granting each Member State a veto right in tax matters means that the unanimity rule within the Council reduces the incentive to move from the status quo towards a more cooperative solution; reiterates its call on the Commission to use the procedure laid down in Article 116 TFEU which makes it possible to change the

[1] Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, OJ L 309, 25.11.2002, p. 15.

unanimity requirement in cases where the Commission finds that a difference between the provisions laid down by law, regulation or administrative action in Member States is distorting the conditions of competition in the internal market;

7. Notes with concern that the EU Treaties and legislation such as the Parent-Subsidiary[1] and Interest and Royalties Directives[2] create a problematic asymmetry by giving priority to the free movement of capital and business establishment over fair and effective taxation; notes that this is exemplified by judgments by the Court of Justice of the European Union which have prevented Member States from applying robust defence measures (e.g. controlled foreign corporation – CFC – rules or exit taxation) against aggressive tax planning on the grounds of the fundamental freedoms of the internal market[3]; notes that this type of integration enshrines a structural bias to the benefit of investors and corporations operating across borders; calls, in this context, for a wider review of EU legislation and the application and interpretation of the fundamental freedoms of the internal market with a view to systematically preventing instances of double non-taxation and harmful tax competition which arise as unintended consequences of the facilitation of intra-Union capital movement;

8. Notes that tax avoidance, tax evasion and money laundering continue to be global phenomena and therefore require a comprehensive, clear and coherent response based on mutual support and increased cooperation at EU and global level; urges the Commission to take a leading role in the global fight against tax avoidance, tax evasion and money laundering;

9. Stresses that it is necessary to define a concept of digital business establishments in order to take the digitalisation of the business environment fully into account and ensure that companies which raise revenues in one Member State without having a physical establishment in that Member State are treated the same way as companies with a physical business establishment; calls on the Commission, therefore, to include digital businesses in all European anti-tax avoidance and tax-related measures;

10. Calls on the Commission and the Member States to be proactive and not wait for media revelations before addressing these issues as a matter of priority; recalls that transparency cannot be merely sectoral;

11. Stresses that there is a need to be vigilant to ensure that Brexit would neither favour tax competition between the 27 remaining Member States to attract certain industries and services currently located in the United Kingdom, nor lead to a relaxation of efforts in fighting tax evasion on the UK's side, including its overseas and related territories; draws the Commission's attention to the fact that this dimension should be duly taken into account during the second phase of Brexit while negotiating any partnership or

[1] Council Directive 2011/90/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, OJ L 345, 29.12.2011, p. 8.
[2] Council Directive 2003/49/EC of 3 June 2003 on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States, OJ L 157, 26.6.2003, p. 49.
[3] For instance, judgment of the Court of Justice of 12 September 2006, *Cadbury Schweppes plc and Cadbury Schweppes Overseas Ltd* v *Commissioners of Inland Revenue*, Case C-196/04, ECLI:EU:C:2006:544 and judgment of the Court of Justice of 11 March 2004, *Hughes de Lasteyrie du Saillant* v *Ministère de l'Économie, des Finances et de l'Industrie*, Case C-9/02, ECLI:EU:C:2004:138.

trade agreement with the United Kingdom;

12. Deplores the decision by the Commission to end its commitment to a biennial anti-corruption report on all Member States; notes that anti-corruption monitoring by the Commission will be pursued through the European Semester process; takes the view that anti-corruption might be overshadowed by other economic and financial matters in this process; calls on the Commission to lead by example, resuming the publication of the report and committing to a much more credible and comprehensive anti-corruption strategy;

13. Calls on the Member States to prohibit the opening of financial accounts and the ownership of shell companies in tax havens by non-resident nationals, and to impose financial penalties in cases of non-compliance, including, in the case of companies, exclusion from EU and Member States' public procurement calls for tender;

2. Tax evasion and tax avoidance

2.1 Offshore structures

14. Stresses the urgent need for a common international definition of what constitutes an offshore financial centre (OFC), a tax haven, a secrecy jurisdiction, a non-cooperative tax jurisdiction and a high-risk country in terms of money laundering; calls for these definitions to be internationally agreed without prejudice to the immediate publication of the EU common blacklist; stresses that these definitions presuppose the establishment of clear and objective criteria;

15. Recommends that any entity creating an offshore structure should provide the competent authorities with the legitimate reasons behind such a decision, in order to guarantee that offshore accounts are not used for money laundering or tax evasion purposes;

16. Believes, in seeking to promote greater international cooperation, that it is also crucial to retain the legal objectivity of these definitions and their enforcement, since some jurisdictions could sign up to internationally agreed standards without applying them in practice; stresses that these definitions should not be subject to political bias, and should motivate listed jurisdictions to adopt measures leading to their removal from the list;

17. Recalls that formal commitment to internationally agreed standards is the first step, but that only the proper implementation of these standards and real and genuine effort will mitigate risk factors and lead to a successful fight against money laundering, tax fraud and tax evasion;

18. Recalls that free zones and freeports must not be abused with the aim of achieving the same effects as tax havens or of circumventing international transparency rules in order to launder money; calls on the Commission to tackle the issue of freeports in the European Union;

19. Calls on the Commission to present a legislative proposal to ensure that offshore structures with beneficial owner(s) in the Member States are subject to similar auditing

and account disclosure requirements as apply in the European jurisdiction where the beneficial owner is located;

20. Considers that the EU should make it illegal to maintain commercial relations with legal structures established in tax havens if the ultimate beneficiary cannot be identified;

21. Calls on the Commission to publish an annual public report on the use of EU funds as well as European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) money transfers to offshore structures, including the number and nature of projects blocked, explanatory comments on the rationale for blocking projects and follow-up actions taken to ensure that no EU funds directly or indirectly contribute to tax avoidance and tax fraud;

2.1.1. A common EU list of non-cooperative tax jurisdictions

22. Welcomes the leading role of the Commission in drawing up criteria for a common EU list of non-cooperative tax jurisdictions; regrets the excessive amount of time taken up by this process; calls on the Council not to dilute, but rather to increase the level of ambition in relation to the criteria of the aforementioned list; insists that all of the criteria proposed by the Commission be taken into consideration including, but not limited to, the absence of corporate tax or a close-to-zero corporate tax rate, and stresses their importance for the list to be effective and non-arbitrary; considers that the transparency criteria should be fully applied and that the criteria should also adequately take into consideration implementation and enforcement; calls on the Council, in order for this list to be effective and credible, to put in place strong, proportionate and deterrent common sanctions against listed countries, and underlines that the assessments of individual countries should be carried out in a transparent manner; calls on the Council and the Commission to put in place a transparent and objective review mechanism, including the involvement of Parliament, to update the list in the future; recalls that the goal of such a list is to change the behaviour of such a jurisdiction with respect to money laundering and the facilitation of tax fraud;

23. Takes the view that once the EU list, of non-cooperative tax jurisdictions is in place, the Commission should propose accompanying legislation determining harmonised obligations for the tax authorities in every Member State to annually disclose data containing the total value and destination of the money transfers from each Member State to each jurisdiction on the list;

24. Calls for concerted action on the part of Member States against low or non-taxation of outbound payments in order to combat base erosion and profit shifting (BEPS) effectively and systematically; reiterates its position that more action is needed than is provided for in the Anti-Tax Avoidance Package (ATAP) and that such action should be binding; calls, therefore, for the introduction of a harmonised withholding tax by Member States on all interest payments and on dividend, licence and royalty fees to low-tax third countries, irrespective of whether these countries are on the EU's list of non-cooperative tax jurisdictions; underlines that such a general withholding tax system based on the credit method has the advantage of preventing double non-taxation and BEPS without creating instances of double taxation and without relying on a selective blacklisting approach which would entail significant diplomatic challenges; calls on the Member States to agree on strong, comprehensive and enforceable CFC rules and to

discard rules which are limited to vaguely defined arrangements which are not genuine, the burden of proof for which is placed on the tax authorities;

25. Regrets that several EU citizens, entities and politically exposed persons (PEPs) featured in the Panama Papers; encourages the Member States to clarify whether such mentions have been duly investigated and, if so, whether they constituted breaches of national law; underlines that, unfortunately, along similar lines, many citizens, entities, and PEPs, when they were requested to cooperate with this Parliament's 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, refused to provide information that would have been useful in terms of the committee's objectives;

26. Calls on the Council to establish, by the end of 2017, a similar list comprising EU Member States where non-cooperative tax jurisdictions, exist even if they are in regions or other administrative structures within those Member States;

2.1.2. An EU anti-money laundering list of high-risk third countries

27. Deplores the fact that that the Commission has to date not carried out its own independent assessment identifying high-risk third countries with strategic deficiencies as provided for by the AMLD provisions, but has relied solely on the list produced by the Financial Action Task Force (FATF), of which the Commission is a member; deplores the fact that the Commission did not respond satisfactorily to Parliament's demands in this regard;

28. Urges the Commission to speed up work on its own list and to report to Parliament on the implementation of its roadmap and, in particular, its commitment to increase all the resources needed by the taskforce on preventing financial crimes;

29. Believes that it is of primary importance that the EU goals be more ambitious than those of the FATF on this issue; highlights, in this regard, the need for more investment in human and financial resources or for their allocation to be optimised within the Commission in order to strengthen the screening procedure;

30. Believes that the aim of this list is to encourage a change in behaviour on the part of jurisdictions in relation to money laundering and the financing of terrorism and to discourage other states from implementing similar, potentially harmful policies;

31. Calls on the Commission to be the central institution for both the anti-money laundering list of high-risk third countries and the review of the European list of tax havens to ensure consistency and complementarity;

2.2 Other tax legislation

32. Welcomes the new legislation adopted in the past two years as a reaction to LuxLeaks; welcomes the EU's dedication to the OECD BEPS project; calls on the Member States to swiftly transpose EU legislation into their respective legal systems and ensure its enforcement;

33. Calls for ambitious public country-by-country reporting (CbCR) in order to enhance tax

transparency and the public scrutiny of multinational enterprises (MNEs) as this would allow the wider public to have access to information about the profits made, subsidies received and the taxes paid by MNEs in the jurisdictions where they operate; urges the Council to reach a common agreement on the proposal to enter into negotiations with the other EU institutions in order to adopt a public CbCR, one of the key measures for achieving greater transparency in relation to companies' tax information for all citizens;

34. Underscores that public CbCR will allow investors and shareholders to take companies' tax policies into account when intervening in shareholders' meetings and taking investment decisions;

35. Calls on the Member States to reach a political agreement on applying a minimum effective tax rate in Europe, in a revised Interest and Royalty Directive by way of a minimum;

36. Recalls that tax information should become an essential component of financial reporting from corporations;

37. Urges the Council to reach a rapid and ambitious agreement on both steps of the common corporate consolidated tax base (CCCTB); recalls that, in addition to cost reductions for both firms and the tax administrations of Member States, it would solve the issue of transfer pricing and ensure fairer competition within the single market; stresses that the harmonisation of tax bases is the best solution with a view to putting an end to tax optimisation and aggressive tax planning by legal means; recalls that a new binding definition of 'permanent establishment' is needed to ensure that taxation occurs where economic activity takes place and value is created; stresses that this should be accompanied by minimum binding criteria to determine whether economic activity has sufficient substance to be taxed in a Member State in order to avoid the problem of 'letterbox companies', in particular in connection with the challenges posed by the digital economy;

38. Encourages the Commission and the Member States to move towards far more ambitious reforms in the field of taxation, in order to eliminate tax competition among Member States; urges the Commission and the Member States to follow the recommendations of the Independent Commission for the Reform of International Corporate Taxation (ICRIT) and agree on a minimum effective corporate tax rate, as well as on a policy of granting tax breaks sparingly and only on local costs to support new productive investment; recommends, further, that all Member States end special tax treatment for foreign and/or large companies and for individuals, and publish the agreements already in place;

39. Stresses that, for unitary taxation to work as a means to end profit-shifting, it needs to be global, and that implementing the CCCTB at EU level runs the risk of creating a situation in which current losses from Member States to the rest of world could be locked in, as could the exploitation of the rest of the world by some Member States; notes that an EU-only approach could eliminate the incentives to shift profit within the EU, but open the door to further incentives and opportunities to shift profit out of the EU;

40. Recalls its recommendations to ensure that the automatic exchange of information on

tax rulings is extended to all rulings and that the Commission get access to all relevant information, in order to ensure respect for European competition rules[1];

41. Calls on the Commission to present a legislative proposal to revise the Directive on Administrative Cooperation (DAC)[2] as soon as possible in order to further enhance tax cooperation between Member States through an obligation to answer group requests on tax matters so that one European country can provide all the information necessary for the others to prosecute cross-border tax evaders; recalls its proposal to amend the DAC to improve Member States' coordination on tax audits[3];

42. Takes the view that tax reforms must always enable scrutiny on the part of citizens and provide civil society access, information and training to allow them to productively engage in the framing of these policies, which is not current practice;

43. Stresses, in addition, that tax legislation, be it at national or EU level, must be simplified and drafted in such a way as to make it accessible to any citizen in order to avoid the complexity that serves the tax-dodging industry;

44. Calls on the Commission to put forward a revision of Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement[4], which includes measures to prevent public administrations from working with companies that use tax havens;

45. Believes that, in proceeding with the CCTB and CCCTB proposals, it is vital that the accounting base is consistent in calculating the tax base within a group – otherwise, accounting arbitrage will simply replace existing tax dodges;

46. Calls on the Commission to initiate a comprehensive evaluation of the 19 years of work of the Code of Conduct Group on Business Taxation, focusing on the results achieved in the prevention of cross-border harmful corporate tax regimes, in the form of a public report; calls for a reform of the Code of Conduct Group, based on the findings and leading to greater transparency and efficiency in their work, given that the group must play the central role in EU efforts to make improvements in this area; calls for Parliament to acquire powers of scrutiny and accountability over the group;

47. Calls on the Commission to compile a list of the harmful regimes on which the Code of Conduct Group has not been able to agree to take action to date and to publish this list; calls on the Commission to assess, by 2020, the impact of the nexus approach for compliant patent box regimes and to quantify, if possible, their impact on innovation and loss of tax collection;

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[1] European Parliament resolution of 16 December 2015 with recommendations to the Commission on bringing transparency, coordination and convergence to corporate tax policies in the Union; Texts adopted, P8_TA(2015)0457; Recommendation A4.
[2] Council Directive 2011/16/EU on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC, OJ L 64, 11.3.2011, p. 1.
[3] European Parliament resolution of 16 December 2015 with recommendations to the Commission on bringing transparency, coordination and convergence to corporate tax policies in the Union; Texts adopted, P8_TA(2015)0457; Recommendation B5.
[4] OJ L 94, 28.3.2014, p. 65.

48. Regrets that several EU Member States featured in the Panama Papers; calls on the Commission, in cooperation with tax authorities, to launch a broad evaluation of potentially harmful tax measures in the Member States that distort competition and of the countermeasures in place, as well as of the spill-over effects of these measures on other jurisdictions; calls for an effective scrutiny mechanism to be established to monitor Member States in respect of the possible new harmful tax measures they might introduce;

49. Calls on the Commission to present a legislative proposal to address the issue of cross-border conversions and transfers of seats and to provide clear rules on the transfer of a company's headquarters within the EU, including rules to counteract letterbox companies;

50. Underscores the need to provide special attention to harmful tax practices ever more widely used, such the abuse of patent boxes, derivatives, swaps, etc. deployed for the purpose of tax avoidance;

51. Calls on the Commission to exclude the possibility of creating shell companies, so-called 'letterbox companies', which play a crucial role in the creation of the corporate structures used for tax evasion and forum shopping; calls on the Commission, therefore, to withdraw the proposal of the directive on single-member private limited liability companies (*Societas Unius Personae*, or SUP), which enables letterbox companies to register online without verifying the identity of the company founder; calls on the Commission, furthermore, to ensure that any comparable proposal on online registration for companies excludes all possibility of creating letterbox companies; reminds the Commission to present a proposal for a 14th Company Law Directive, which would set out clear rules for the cross-border transfer of a company's seat in order to prevent any misuse or the creation of letterbox companies by cross-border conversions, mergers or divisions; calls, in this context, inter alia, for an obligation for each legal entity to pay an adequate fee annually and to file a report with information on its activities and beneficiaries;

52. Welcomes the Commission's state aid findings of August 2016 to the effect that Ireland illegally granted EUR 13 billion in undue tax relief to Apple; questions the Irish Government's decision to appeal against this decision in an attempt to not collect the owed sum;

53. Calls on the Commission to withdraw its proposal for a directive of the European Parliament and of the Council of 9 April 2014 on single-member private limited liability companies (COM(2014)0212);

54. Calls on the Member States to identify and stop all use of any form of tax amnesties that could lead to money laundering and tax evasion or that could prevent national authorities from using the data provided to pursue financial crime investigations;

55. Calls on the Member States to enact legislation requiring the tax payer to prove that taxes have been paid, otherwise funds would be declared as black money and confiscated;

56. Expresses its concern regarding the United States (US) administration's intentions to

promote tax breaks for large corporations and financial deregulation; calls on the Commission to closely monitor the proposed tax reform in the US known as Blueprint, and the possibility of the implementation in the US of a tax amnesty in order to allow the repatriation of profits by large technological companies at a very low tax rate;

57. Calls on the Member States to reinforce their tax administrations with adequate staffing capacity in order to ensure the effective collection of tax revenues and to address harmful tax practices, given that a lack of resources and staff cuts, in addition to the lack of adequate training, technical tools and investigative powers, have seriously hampered tax administrations in some Member States;

58. Notes with concern that one of the most harmful and notorious tax avoidance schemes in the EU, the so-called Double Irish structure, can still remain in place beyond its phase-out date of 2020 by virtue of provisions within many double taxation treaties (DTTs) between Ireland and other countries, including tax havens; calls on the Irish Government to review its network of DTTs in order to remove these provisions;

59. Deplores the lack of reliable and unbiased statistics on the magnitude of tax avoidance and tax evasion; stresses the importance of developing appropriate and transparent methodologies to quantify the scale of these phenomena, as well as their impact on countries' public finances, economic activities and public investments;

60. Calls on the Commission to issue guidance to draw a clear distinction between what is illegal and what is legal, even if it runs counter to the spirit of the law, in the framework of tax evasion and tax avoidance practices, in order to ensure legal certainty for all parties concerned; calls on the Member States and third countries to ensure that the fines and pecuniary sanctions imposed on tax evaders and intermediaries are not tax-base deductible;

61. Stresses that pursuing a responsible tax strategy is to be considered a pillar of corporate social responsibility (CSR) and that tax evasion, tax avoidance and aggressive tax planning practices are incompatible with CSR; reiterates its call on the Commission to include this element in an updated EU strategy on CSR;

62. Calls on companies to make the complete fulfilment of tax obligations without any kind of tax avoidance an integral part of their CSR;

63. Reiterates the call from the TAXE2 Committee for the creation of a new Union Tax Policy Coherence and Coordination Centre (TPCCC) within the structure of the Commission that can assess and monitor Member States' tax policies at Union level and ensure that no new harmful tax measures are implemented by Member States; suggests that such a TPCCC should be able to monitor Member States' compliance with the common Union list of uncooperative jurisdictions in addition to ensuring and fostering cooperation between national tax administrations (e.g. in relation to training and the exchange of best practices);

64. Reiterates Parliament's recommendations[1] for the creation of a catalogue of counter-

[1] European Parliament resolution of 16 December 2015 with recommendations to the Commission on bringing

measures that the Union and Member States should apply as shareholders and financers of public bodies, banks and funding programmes, to be applied to companies which use tax havens in order to put in place aggressive tax planning schemes and therefore do not comply with Union tax good governance standards;

65. Reiterates its call to the Commission to amend European legislation, including the provisions concerning the European Investment Bank (EIB) Statute, the European Fund for Strategic Investment (EFSI) Regulation, the four common agricultural policy (CAP) regulations, and the five European Structural and Investment funds (European Regional Development Fund, European Social Fund, Cohesion Fund, European Agricultural Fund for Rural Development, European Maritime and Fisheries Fund) to prohibit EU funding going to ultimate beneficiaries or financial intermediaries proven to be involved in tax evasion or aggressive tax planning;

66. Calls on the Commission and the Council to create a mandatory standardised public European Business Register in order to obtain up-to-date and trustworthy information on companies and to achieve transparency via cross-border access to comparable and reliable information on companies in the EU;

67. Calls on the Commission to refrain from concluding trade agreements with jurisdictions defined by the EU as tax havens;

2.3. Exchange of information

68. Considers it regrettable that the provisions of the Directive on Administrative Cooperation (DAC), which were in force during the time covered by the Panama Papers revelations, were not implemented effectively and that the amount of information and rulings exchanged was low; recalls that the automatic exchange of information between tax authorities is key for the Member States in ensuring mutual assistance in collecting tax revenues and creating a level playing field; calls on the Commission to put forward proposals to further enhance tax cooperation between Member States through an obligation to answer group requests on tax matters so that one European country can provide all the information necessary for the others to prosecute cross-border tax evaders;

69. Is very concerned that the number of tax rulings granted by Member States to multinationals has increased in recent years, notwithstanding the social alarm created by the LuxLeaks scandal;

70. Insists that the Commission should have access, in accordance with data protection rules, to all the information exchanged under the DAC in order to properly monitor and enforce the implementation thereof; stresses that this information should be stored in a central registry managed by the Commission, given its exclusive competence in the field of competition;

71. Calls for a more effective exchange, treatment and use of information globally and urges that the provisions on common reporting standards be implemented efficiently

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transparency, coordination and convergence to corporate tax policies in the Union; Texts adopted, P8_TA(2015)0457, Recommendation C3.

and consistently, moving from the name and shame policy under the peer review system to a sanctions regime; draws attention to the need for reciprocity in the exchange of information between the Organisation for Economic Cooperation and Development (OECD) and participating signatory states; calls on the Member States to support participating developing countries in the implementation of these standards; underlines the need for countries not only to commit to CRS, but also to implement the system and assure the high quality of data provided; points out that the current CRS has weaknesses and welcomes the fact that the OECD is working on refining the standard to make it more effective; calls on the Commission to contribute to closing identified loopholes;

72. Calls for enhanced public commercial and public beneficial ownership registries and public country-by-country reporting, in order to overcome the limitations imposed by the exchange of information under the OECD's 'Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS' of June 2017, which gives countries the choice of selecting partners, permitting, in practice, bilateralism;

73. Stresses that the mandatory automatic exchange of information in relation to potentially aggressive tax planning arrangements with a cross-border dimension (DAC6) should be accessible not only for tax authorities, but also for the general public;

74. Calls for the EU to use the appropriate means to set up sound cooperation and exchange of information for tax purposes among Member States' beneficial ownership, land and commercial registers – which should centralise public information – and the creation of an EU register that would allow for better coordination at EU and international level;

75. Calls on the Commission to ensure reciprocity in the exchange of information between the EU and third countries which have not signed up to internationally agreed standards; underlines the need for effective sanctions against financial institutions with European clients and which failed to comply with automatic information exchange standards; considers that a dispute resolution mechanism should be included in such a proposal in order to solve potential conflicts between the EU and third countries; recalls its recommendation to introduce a withholding tax, or measures with similar effect, to avoid profits leaving the EU untaxed;

76. Considers that the entities obliged to provide information to the tax authorities must be the same as those listed in the Anti-Money Laundering Directive, and more particularly: 1) credit institutions; 2) financial institutions; 3) the following legal or natural persons, in the performance of their professional activities: a) auditors, external accountants and tax advisers; b) notaries and other independent legal professionals, where they participate, whether acting on behalf of and for their client in any financial or property transaction, or assisting in the planning or execution of transactions for their client concerning: (i) the purchase and sale of property or business entities; (ii) the management of funds, securities or other assets belonging to the client; (iii) the opening or managing of bank, savings or securities accounts; (iv) the organisation of the contributions needed to create, operate or manage undertakings; (v) the creation, operation or management of trusts, companies, foundations, or similar structures; c) providers of trust and corporate services not already covered under points (a) or (b); d) real estate agents; e) other persons trading in goods, only to the extent that payments are made or received in cash and for amounts of EUR 10 000 or more, whether in a single

transaction or in a series of apparently linked transactions; f) providers of gaming services;

3. Money laundering

3.1. Anti-money laundering legislation

77. Stresses that all AMLD provisions should be effectively and consistently implemented by the Member States; calls on the Commission and the Member States to ensure proper law enforcement; calls on the Commission to enhance and provide adequate resources for existing monitoring systems; calls on the Commission to allocate more resources to its taskforce to prevent financial crimes;

78. Stresses that the EU AMLD legal framework should also completely ban bearer shares given the fact that they are instruments for receiving, owning and transferring illicit money anonymously and are a very useful tool for creating international schemes for money laundering; notes that they allow a system which is more opaque than those in notorious tax havens such as, inter alia, Panama, the Cayman Islands, the Dominican Republic and Lichtenstein;

79. Calls on the Commission to start infringement procedures against Member States for non-compliance with Union law revealed by the Panama Papers and other leaks; calls on the Commission to report on the need to replace the Anti-Money Laundering Directive with a regulation in order to create a single legal area and eliminate any enforcement deficits in Member States;

80. Calls on the Commission to put in place a mechanism of penalties against those Member States which allow bearer shares, with or without restrictions, before the EU prohibition of bearer shares enters into force;

81. Stresses the need for regularly updated, standardised, interconnected and publicly accessible beneficial ownership registers of companies, foundations, trusts and similar legal arrangements to prevent the anonymity of ultimate beneficial owners (UBOs); calls for a lowering of the current threshold for shareholding in the definition of beneficial ownership; takes the view that the EU and its Member States must take the lead in promoting UBO standards of transparency in international forums;

82. Underlines the call made by the representatives of the French FIU in Parliament's 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 according to which, in keeping with the GAFI 26 recommendation on financial supervision, it should be expressly provided at EU level that the application of the supervision by the competent supervisory authority can go back as far as the parent entity of the group;

83. Calls on the Commission to supervise the creation of publicly accessible land registers;

84. Calls for an identification of beneficial ownership that includes all natural persons who ultimately own or control a legal entity, other than a company listed on a regulated

market that is subject to disclosure requirements consistent with Union law or subject to equivalent international standards which ensure adequate transparency of ownership information, through direct or indirect ownership of at least one share or equivalent minimum unit of interest in that entity, including through bearer shareholdings, or through control via other means;

85. Calls, furthermore, for the creation of a global register of legal entities, including companies, trusts and foundations, and of a global central register of bank accounts, financial instruments, real estate property, life insurance contracts and other relevant assets abused for money laundering and tax avoidance purposes accessible to FIUs and national law enforcement bodies; calls, in the absence of global agreements, on the Member States to move forward by harmonising the information required by national company registers and by publicly disclosing the balance sheet, the profit and loss statement and the names of qualified shareholders, supervisory board members, management board members and general managers, by way of a minimum;

86. Observes that the illicit money deposited through the redemption of these transactions is transformed into legitimate funds deriving from legitimate transactions; urges the need therefore for extending the anti-money laundering rules to the real estate market with the goal of preventing new illicit phenomena;

87. Underlines the need to improve the enforcement of customer due diligence (CDD) checks to make sure that a proper assessment of the risks linked to the client profile is carried out; stresses that, even when outsourced, the CDD obligation should always fall under the responsibility of the obliged entities; calls for this responsibility to be clear and for provision to be made for penalties in the event of negligence or conflicts of interest in cases of outsourcing; believes, furthermore, that the scope for obliged entities should be extended to, among others, real estate agents to ensure that CDD provisions apply equally to regulated and currently non-regulated actors; calls for the harmonisation of CDD at EU level, providing an appropriate shape to these procedures in order to guarantee their compliance;

88. Believes that sanctions for money laundering, tax evasion and tax fraud should be more severe and deterrent and that Member States should employ the risk-based approach when directing resources towards combating these illegal practices; welcomes, in this connection, the proposal for a directive of the European Parliament and of the Council on countering money laundering by criminal law[1]; calls on the Member States to consider the desirability of banning settlement without charges in very serious tax fraud cases; notes, however, that, in parallel, the EU and its Member States should develop incentives for each category of obliged entities to discourage them from engaging in such activities and make it unprofitable for them to do so; calls on the Member States to review prescription periods for money laundering so as to avoid time-bars as a consequence of competent authorities' failure to act;

89. Calls on the Commission to launch an initiative at international level to ban shell companies where full transparency regarding their actual owner is not guaranteed and to ensure that no more than 10 shell companies are assigned to any one director;

[1] COM(2016)0826.

90. Calls for an effective monitoring mechanism to be implemented at European level with outreach into connected jurisdictions, since the FATF peer reviews and regular mutual evaluations can easily be frustrated by political or other forms of connivance;

91. Stresses the need to agree on a common understanding and definition at EU level of a PEP;

92. Calls for a harmonised definition of tax crimes at EU level and the creation of a distinct criminal law instrument to be adopted under Article 83(2) TFEU or, ultimately, under Article 116 TFEU if Member States are unable to agree on eliminating distortion of the conditions of competition in the internal market; calls for the definition of predicate offences to money laundering to be harmonised within the EU and for a narrowing down of the exemptions Member States can invoke to refuse collaboration and the exchange of information; recalls its position on the revision of the fourth and fifth Anti-Money Laundering Directives to decouple tax crimes from the requirement of being punishable by deprivation of liberty or a detention order;

93. Is concerned by the adoption of citizenship programmes for non-EU residents, the so-called golden visa or investor programmes to third country nationals in exchange for financial investments without proper or indeed any CDD having been carried out; calls on the Commission to assess Member States' compliance with the AMLD and other related EU legislation when citizenship is granted under such programmes;

94. Calls on the Commission and the Council to take seriously its ambitious revision of AMLD IV, on which it voted on 28 February 2017, and which would close many existing loopholes and considerably strengthen the current anti-money laundering legislation by, for example, tightening up the definition of who is a beneficial owner, by disallowing senior managers, nominee directors and other proxy agents to be identified as beneficial owners unless they fulfil the criteria, by granting full public access to beneficial ownership registers of companies and trusts and by implementing a more effective sanction mechanism for breaches of the AMLD; urges the Commission and the Council, therefore, not to water down Parliament's strong proposal during the ongoing trilogue negotiations;

95. Calls for increased political and regulatory focus on emerging risks related to new technologies and financial products, such as derivatives, swaps and virtual currencies[1];

96. Calls on the Commission to assess the possibility of harnessing the potential of new technologies, such as unique digital identities, to facilitate the identification of serious cases of financial crime, while ensuring that this respects fundamental rights, including the right to privacy;

97. Calls for an urgent assessment by the Commission of the implications for money laundering and tax crimes involving e-gaming activities, virtual currencies, crypto currencies, blockchain and FinTech technologies; calls, furthermore, on the Commission to consider possible measures, including legislation, to create a regulatory framework for these activities in order to limit the tools for money laundering;

[1] PANA Committee hearing with Brooke Harrington and other experts on 24 January 2017.

98. Urges that assets generated by criminal activities be confiscated; calls, to this end, for a swift adoption of the regulation on the mutual recognition of freezing and confiscation orders to facilitate the cross-border recovery of criminal assets; stresses that the legal instrument proposed by the Commission will allow for better cooperation and easier recognition of such orders, while respecting the principle of subsidiarity; calls on the Commission to put forward a legislative proposal introducing a restriction on cash payments, in order to support the fight against money laundering, tax fraud and organised crime;

99. Stresses that steps are also needed in order to align national strategies with those of European agencies and bodies such as Europol, Eurojust and OLAF; urges that, in order to facilitate this collaboration, the legal obstacles preventing information exchanges should be removed;

100. Welcomes the recent decision by the Government of Portugal to ban the issuing of bearer shares and to convert the current ones into nominal securities, and urges the Commission to propose EU-wide legislation to the same effect;

101. Calls for much more stringent scrutiny by the competent authorities in assessing the fitness and propriety of members of management boards and shareholders of credit institutions in the EU; believes that conditions must be put in place to allow the competent authorities to perform continuous supervision of the assessment criteria of both shareholders and members of management boards, which currently make it very difficult to revoke approval once it has been granted; believes, furthermore, that the timetables and flexibility in relation to objecting to acquisitions should be broadened, particularly where it is necessary for the competent authorities to carry out their own investigations into the information provided about events in third countries and in relation to PEPs;

3.2. Financial Intelligence Units (FIUs)

102. Believes that, by harmonising the status and functioning of European FIUs, the exchange of information would be strengthened; calls on the Commission to launch a project within the FIU Platform to identify the information sources to which FIUs currently have access; calls on the Commission to issue guidance on how to ensure greater convergence of functions and powers of European FIUs, identifying the minimum common scope and content of financial, administrative and law enforcement information that FIUs should obtain and be able to exchange among themselves; believes that such guidance should also include explanations of a common understanding of the strategic analysis functions of FIUs;

103. Believes that, to be more efficient, all European FIUs should have unlimited and direct access to all information related to their functions from obliged entities and registries; FIUs should also be able to obtain such information on the basis of a request made by another Union FIU and to exchange this information with the requesting FIU;

104. Suggests to Member States that, when implementing the AMLD, they remove the requirement for FIUs to obtain clearance from a third party to share information with another FIU for intelligence purposes, in order to foster the exchange of information

between FIUs; calls on the Commission to issue guidance on general provisions in the AMLD, especially on the need to ‘spontaneously and promptly’ exchange information with other FIUs;

105. Stresses the need for more effective communication between the relevant competent authorities at national level, but also between FIUs in different Member States; calls on the Commission to set up an EU benchmarking system as a tool to standardise the information to be collected and exchanged and to enhance cooperation between FIUs; points out that this should include the strengthening of FIU.net under Europol, but also of Europol itself, in particular to enable it to extract information and statistics on flows of information, activities and the outcome of analysis performed by FIUs, and of Eurojust competences and resources to deal with money laundering and tax evasion; calls, furthermore, on the Member States to increase human, financial and technical resources in FIUs to bolster their investigation and cooperation capacities in order to properly process and make use of the increased number of suspicious transaction reports (STRs);

106. Notes that the purpose limitation on the use of the information exchanged by FIUs should be reviewed and unified at EU and global level in order to allow for information to be used for tackling tax crimes and for purposes of producing evidence;

107. Insists that appointments to managerial positions in FIUs need to be independent and free from political bias, based on professional qualifications and that the selection process be transparent and supervised; stresses the need for common rules on the independence of the institutions in charge of enforcing rules on tax fraud and money laundering, as well as the need for the full independence of law enforcement bodies in the follow-up of FIU reports;

108. Calls on the Commission to verify whether this obligation is being duly respected in all Member States;

109. Reiterates its position on AMLD V regarding the creation of a European FIU and the need to ensure an effective and coordinated system for the exchange of information, as well as centralised databases; stresses the need to support the Member States’ FIUs, particularly in cross-border cases;

110. Insists on the fact that the competent authorities should not wait to be overwhelmed by the increasing use of digital technologies by tax advisers and taxpayers; believes that the competent authorities should develop their own tools and investigating capacities accordingly; believes that it could offer new opportunities to competent authorities with regard to the recurrent issue of resource allocation or to help improve cooperation among them;

4. Intermediaries

111. Regrets that intermediaries are currently regulated in a non-homogenous manner across the EU; calls on the Council to swiftly examine and adopt the Commission’s proposal on mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements with the aim of strengthening the reporting obligations of intermediaries; encourages the Member States to consider the potential

benefits of extending the scope of the directive to purely domestic cases;

112. Underlines the need for this proposal to close the loopholes potentially allowing aggressive tax planning by designing new rules for intermediaries involved in such practices;

113. Notes that wealth management is conducted in a largely unregulated manner and that binding international rules and standards should be established in order to create a level playing field and to better regulate and define the profession; calls, in this context, on the Commission to take the initiative in all relevant international forums for the creation of such standards and rules;

114. Acknowledges that oversight should be carried out in the context of self-organisation and self-regulation; calls on the Commission to assess the need for targeted EU action, including the possibility of drawing up legislation, to ensure appropriate oversight of the self-regulation of obliged entities, i.e. via a separate and independent national regulator/supervisor;

115. Calls on the Commission to present a legislative proposal in 2018 to prohibit the self-regulation of obliged entities in accordance with the AMLD;

116. Calls on the Commission – in collaboration with the Member States and supervisors – to issue guidance in order to standardise reporting formats for obliged entities in order to ease the processing and exchanging of information by FIUs;

117. Calls for the regulation of tax intermediaries with incentives to refrain from engaging in tax evasion and tax avoidance and shielding beneficial owners;

118. Stresses that, if the intermediary is based outside the EU, the taxpayer concerned must be required to send potentially aggressive tax plans directly, before they are put in place, to the tax authorities in the taxpayer's country, so that the authorities can respond to tax risks by taking the appropriate steps;

119. Believes that more rigorous rules on the role of intermediaries would benefit the industry as a whole as sincere intermediaries will no longer be placed at a disadvantage by unfair competition, thus separating the wheat from the chaff;

120. Calls for more efficient, dissuasive and proportionate sanctions at both EU and Member State level against banks and intermediaries that are knowingly, wilfully and systematically involved in illegal tax or money laundering schemes; stresses that the sanctions should be targeted towards the companies themselves as well as the management-level employees and board members responsible for the schemes; stresses that substantial penalties are essential and believes that the use of a public shaming regime for confirmed cases could discourage intermediaries from circumventing their obligations and encourage compliance;

121. Calls on the Member States to ensure that the sectors most exposed to risks from opaque beneficial ownership schemes (as identified in the Commission's assessment of the risks of money laundering) are effectively monitored and supervised; calls on the Member States to provide guidance on the risk factors arising from transactions involving tax

advisors, auditors, external accountants, notaries and other independent legal professionals;

122. Calls for the creation of an EU framework for establishing compulsory codes of conduct for intermediaries, which would include a general ban on the use of contracts that impose secrecy concerning the tax scheme on the client or the use of a premium fee by way of a minimum; calls for these codes of conduct to include an obligation for intermediaries to act in the public interest and not go against the letter and the spirit of tax legislation;

123. Calls for better enforcement of the rules related to money laundering, tax avoidance and tax evasion and for it to have a deterrent effect by increasing public visibility, particularly through improved published statistics on enforcement measures involving professionals advising on tax and money laundering;

124. Underlines the need for greater scrutiny, supervision and coordination of national certification schemes for intermediaries practising as tax professionals in the EU; calls on the Member States to withdraw licences if intermediaries are proven to be involved in actively promoting or enabling cross-border tax evasion, illegal tax planning and money laundering;

125. Calls on the Commission to assess whether the competent authorities in the Member States have complied with the licensing procedures for intermediaries already provided for in Union law, e.g. in Capital Requirements Directive IV;

126. Calls for the profession to adopt a methodology whereby lawyers' professional confidentiality does not impede adequate STRs or the reporting of other potentially illegal activities without prejudice to the rights guaranteed by the Charter of Fundamental Rights of the European Union and the general principles of criminal law, or to improve the existing methodology to the same effect;

127. Calls for a ban on intermediaries based in the EU being directly or indirectly active in countries that are included on the European blacklists as tax havens or posing a high risk of being money laundering countries;

128. Stresses that, with a view to improving international cooperation, audit and accounting requirements should be coordinated at the global level, so as to discourage accounting and auditing firms from participating in illegal tax structures; believes, in this connection, that better implementation of international accounting standards should be regarded as an efficient tool;

Banks

129. Encourages all Member States to put in place, as recommended in AMLD IV, systems of bank account registries or electronic data retrieval systems which would provide FIUs and the competent authorities with access to information on bank accounts; recommends considering the standardisation and interconnection of national bank account registers containing all accounts linked to legal or natural persons for the purpose of easy access by the competent authorities and FIUs;

130. Recommends that such an account register should record and publish statistics on transactions with tax havens and high-risk countries, both within and outside the EU, and disaggregate the information on transactions with related parties those with non-related parties, and by Member State;

131. Recognises that banks were found to be involved in four broad activities, namely providing and managing offshore structures, delivering bank accounts to offshore entities, providing other financial products and correspondence banking[1]; stresses the importance of making legislation on correspondence banking clearer and stricter in relation to the remittance of funds to offshore and non-cooperative jurisdictions, with the obligation to cease activities if beneficial information is not provided;

132. Underlines the importance of better coordination between bank headquarters and subsidiaries, both within the EU and with third countries, so as to ensure full compliance with internal codes of conduct and AML legislation;

133. Stresses that national banking supervision checks should provide for systematic and random checks to ensure the full implementation of anti-money laundering rules in all banks;

134. Calls for increased powers for the European Central Bank (ECB) and the European Banking Authority (EBA) to carry out regular compliance checks (both announced in advance and without prior warning) across the EU banking sector instead of the current system of checks carried out only when a specific case is under investigation or has become public;

135. Calls for an analysis of the feasibility of empowering the supervisory authorities to carry out a banking investigation in situations where an account holder is not known by name;

136. Welcomes the existing analysis of risks and vulnerabilities in the EU financial system; underlines the importance of identifying new technologies and financial products which could potentially be used as vehicles for money laundering; calls, on the basis of this analysis, for money laundering provisions to be included in all new proposals addressing such new technologies, including FinTech;

137. Calls for the creation of a bankers' oath, following the Dutch example, in the form of a voluntary commitment by the sector not to deal with tax havens;

Lawyers

138. Points out that professional secrecy cannot be used for the purposes of protection, the covering up of illegal practices or violating the spirit of the law; urges that the client-attorney privilege principle should not impede adequate STRs or the reporting of other potentially illegal activities without prejudice to the rights guaranteed by the Charter of Fundamental Rights of the European Union and the general principles of criminal law; calls on the Member States to issue guidance on the interpretation and application of the

[1] 'The Panama Papers: Breaking the Story of How the World's Rich and Powerful Hide their Money', Obermayer and Obermaier, 2016.

legal privilege principle for professionals and to introduce a clear demarcation line between traditional judicial advice and lawyers acting as financial operators;

139. Stresses that lawyers carrying out an activity that falls outside their specific duties of defence, legal representation or legal advice can, under certain circumstances relating to the protection of public order, be required to inform the authorities of certain information that they are aware of;

140. Underlines that lawyers advising clients should be held legally co-responsible when designing tax evasion and aggressive tax plans punishable by law, and money laundering schemes; points out that when they take part in fraud, they must systematically be liable for both penal sanctions and disciplinary measures;

Accounting

141. Stresses that, with a view to improving international cooperation, audit and accounting requirements should be better coordinated at global level, while respecting European standards of democratic legitimacy, transparency, accountability and integrity, so as to discourage accounting and auditing firms, as well as individual advisors, from designing tax evasion, aggressive tax planning or money laundering structures; calls for the proper enforcement of the recently adopted Audit Package[1] and the Committee of European Auditing Oversight Bodies (CEAOB) as the new framework for cooperation between national audit oversight bodies at EU level, with the aim of strengthening EU-wide audit oversight; believes, in this respect, that better implementation of international accounting standards should be regarded as an efficient tool in ensuring respect for EU standards of transparency and accountability;

142. Notes that the EU's existing definition of the control required to create a group of companies should be applied to accountancy firms that are members of a network of firms associated by legally enforceable contractual arrangements that provide for the sharing of a name or marketing, professional standards, clients, support services, finance or professional indemnity insurance arrangements, as anticipated by Directive 2013/34/EU[2] on annual financial statements;

143. Calls on the Commission to come forward with a legislative proposal on the separation of accounting firms and financial or tax service providers as well as on all advisory services, including a Union incompatibility regime for tax advisers, in order to prevent them from advising both public revenue authorities and taxpayers and to prevent other conflicts of interest;

144. Calls for a revision of Directive 2014/56/EU in order to implement stricter EU-wide

[1] Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, OJ L 158, 27.5.2014, p. 196, and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, OJ, L 158, 27.5.2014, p. 77.

[2] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, OJ, L 182, 29.6.2013, p. 19.

standards for the auditing profession, for a rotation of auditors every seven years to prevent conflicts of interest and for the limitation of the provision of non-audit services to a minimum;

145. Calls on the Commission to launch an inquiry in order to assess the state of play in relation to concentration in the sector; recommends the elimination of the payment of accounting firms based on success, which creates incentives to set up risky schemes;

146. Notes that professional networks subject to these arrangements should be required to file full country-by-country reports, adapted to meet the particular needs of the sector, on public record;

Trusts, fiduciaries and similar legal arrangements

147. Strongly condemns the misuse of trusts, fiduciaries and similar legal arrangements as vehicles for laundering money; calls, therefore, for clear rules facilitating a straightforward identification of the beneficial owner(s), including an obligation for trusts to exist in written form and to be registered in the Member State where the trust is created, administered or operated;

148. Calls for standardised, regularly updated, publicly accessible and interconnected beneficial ownership registers at EU level, on all parties of commercial and non-commercial trusts, fiduciaries, foundations and similar legal arrangements to form the basis of a global register;

149. The EU register of trusts should include: a) the trustees, including names, addresses and the names and addresses of all those on whose instructions they act; b) the trust deed; c) all letters of wishes; d) the name and address of the settlor; e) the name of any enforcer and the instructions they hold; f) the annual accounts of the trust; g) details of all trust distributions and allocations with the names and addresses of all beneficiaries; h) nominee intermediaries, including their names and addresses;

150. Calls for EU legislation prohibiting companies operating in the single market from engaging in any transaction with offshore legal entities based in tax havens in which the beneficial owner cannot be identified;

5. Third-country dimension

151. Underlines the need, under the auspices of the UN, for enhanced global cooperation on taxation and money laundering matters as a result of their international nature; stresses that only coordinated and global responses based on cooperation will provide efficient solutions and calls for the EU to be a driving force in working towards a fair global tax system; stresses that any EU action at international level will be effective and credible only if no EU Member State or overseas country or territory (OCT) acts as a corporate tax haven or secrecy jurisdiction;

152. Notes with concern the high correlation between the number of shell companies and tax rulings and certain third-country tax jurisdictions and EU Member States; welcomes the automatic exchange of information between EU Member States on their tax rulings; expresses its concern, however, that some Member States or some of their ‘tax haven’

territories are issuing ‘oral tax rulings’ to circumvent this obligation; calls on the Commission to investigate further into this practice;

153. Calls for the EU to impose measures through sanctions against other countries belonging to the European Economic Area (e.g. Liechtenstein) and to the European Free Trade Association (e.g. Switzerland) which allow tax practices that damage public finances and which tolerate illicit and unlawful behaviour;

154. Believes that the EU should speak with one voice through the Commission when negotiating tax agreements with third countries instead of continuing the practice of bilateral negotiations producing sub-optimal results; believes that the same approach should be adopted by the EU when negotiating future free trade, partnership and cooperation agreements, by including tax good governance clauses, transparency requirements and anti-money laundering provisions;

155. Stresses the importance of strengthening the anti-tax avoidance provisions of the CCCTB to eliminate transfer pricing to third-country jurisdictions leading to a reduction in the taxable base of companies in the Union;

156. Considers, in particular, that when future trade or partnership agreements are negotiated, or existing agreements are revised, they should contain a binding clause of tax conditionality, including compliance with the international standards of the OECD BEPS Action Plan, and the FATF recommendations;

157. Requests that the ‘Investment’ or ‘Financial Services’ chapters of future trade or partnership agreements be negotiated on the basis of the positive list principle, so that only the financial sectors necessary for commercial development, the real economy and households benefit from the facilitation and liberalisation brought about by the agreement between the Union and the third party concerned;

158. Calls for strong enforcement measures in all international agreements on the exchange of information between tax authorities to ensure proper implementation by all jurisdictions and the application of effective, dissuasive and proportionate automatic procedures for sanctions in the case of non-implementation;

159. Underlines the importance of full effective reciprocity in frameworks such as the Foreign Account Tax Compliance Act (FATCA) agreement and other similar agreements;

160. Calls on the relevant Member States to make use of the opportunity afforded by their direct relations with the countries concerned to take the necessary steps in order to put pressure on their overseas countries and territories (OCTs)[1] and outermost regions[2] that do not respect international standards pertaining to tax cooperation, transparency and

[1] Greenland, New Caledonia and Dependencies, French Polynesia, French Southern and Antarctic Territories, Wallis and Futuna Islands, Mayotte, Saint Pierre and Miquelon, Aruba, Netherlands Antilles (Bonaire, Curacao, Saba, Sint Eustatius, Sint Maarten), Anguilla, Cayman Islands, Falkland Islands, South Georgia and South Sandwich Islands, Montserrat, Pitcairn, Saint Helena and Dependencies, British Antarctic Territory, British Indian Ocean Territory, Turks and Caicos Islands, British Virgin Islands and Bermuda.
[2] ORs: the Canary Islands, La Réunion, French Guiana, Martinique, Guadeloupe, Mayotte, Saint Martin, the Azores and Madeira.

anti-money laundering; takes the view that the EU transparency and due diligence requirements should be effectively enforced in these territories;

161. Believes that the misuse of privacy and data protection laws cannot be used to shield those engaged in wrongdoing from the full force of the law;

162. Calls for a global summit on the fight against money laundering, tax fraud and tax evasion to end secrecy in the financial sector, to enhance international cooperation and to put pressure on all countries, in particular their financial centres, to comply with global standards and for the Commission to take the initiative for such a summit;

163. Invites the Commission to conduct an assessment of the overall cost-benefit and the potential impact of high levels of taxation on the repatriation of capital from third countries applying low taxation; calls on the Commission and Council to assess the rules on the deferred payment of tax in the United States, the potential tax amnesty announced by the new administration and the possible undermining of international cooperation;

164. Stresses the importance of better bilateral exchange of information between third countries and EU FIUs;

165. Recalls that the amount of aid in support of domestic resource mobilisation is still low, and urges the Commission to support developing countries in the fight against tax dodging and to increase financial and technical assistance to their national tax administration, in line with the commitments of the Addis Ababa Action Agenda;

Developing countries

166. Calls for the EU to take into account the specific legal features and corresponding vulnerabilities of developing countries, for example the lack of capacities on the part of authorities charged with the task of combating tax fraud, tax evasion and money laundering; stresses the need for adequate transition periods for developing countries that do not have the capacity to collect, manage and share the required information in the context of automatic exchange of information;

167. Highlights the fact that, when devising actions and policies to tackle tax avoidance, specific attention should be paid at national, EU and international level to the situation of developing countries and, in particular, least developed countries, which are usually the most affected by corporate tax avoidance and have very narrow tax bases and low tax-to-GDP ratios; stresses that these actions and policies should contribute to generating public revenues commensurate with the value added generated on their territory, to enable the countries concerned to appropriately finance their development strategies;

168. Calls on the Commission to work with the African Union (AU) to ensure that measures to combat illegal financial flows are highlighted in the African Union Convention on Preventing and Combating Corruption;

169. Calls for the EU and its Member States to strengthen policy coherence for development

in this field and reiterates its call for a spill-over analysis of national and EU tax policies in order to assess their impact on developing countries in relation to agreed tax treaties and economic partnership agreements (EPAs);

170. Calls on the Member States to properly ensure the fair treatment of developing countries when negotiating tax treaties, taking into account their particular situation and ensuring a fair distribution of taxation rights between source and residence countries; calls, in this regard, for adherence to the UN model tax convention and for transparency around treaty negotiations to be ensured;

171. Calls for more international support to be given to developing countries to fight against the corruption and secrecy which facilitate illicit financial flows (IFFs); stresses that the fight against IFFs requires close international cooperation and the coordinated efforts of developed and developing countries, in partnership with the private sector and civil society; highlights the need to help boost the capacity of tax administrations and the transfer of knowledge to partner countries;

172. Calls for public development aid to be directed to a greater extent towards the implementation of an appropriate regulatory framework and the bolstering of tax administrations and the institutions responsible for fighting IFFs; calls for this aid to be provided in the form of technical expertise in relation to resource management, financial information and anti-corruption rules;

173. Regrets that the current OECD tax committee is not sufficiently inclusive; recalls its position[1] regarding the creation of a global body within the UN framework, well-equipped and with sufficient additional resources to ensure that all countries can participate on an equal footing in the formulation and reform of global tax policies;

174. Regrets that, in order not to be branded as non-cooperative jurisdictions, developing countries must pay to be considered as participants in the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, where countries are subject to an evaluation of their practices against benchmarks they have not been full participants in determining;

175. Stresses the essential role that regional organisations and regional cooperation must play in carrying out transnational tax audits, taking account of the principles of subsidiarity and complementarity; calls for the joint development of a model tax convention that would help to eliminate double taxation and thereby prevent abuse; points out that cooperation and the exchange of information between the various information services will be essential for that purpose;

176. Points out that tax havens plunder global natural resources, in particular those of developing countries; calls for the EU to give support to developing countries in the fight against corruption, criminal activities, tax fraud and money laundering; calls on the Commission to help these countries, by means of cooperation and the exchange of information, to combat the erosion of the tax base, the transfer of profits to tax havens and banks practising banking secrecy; stresses that all of these countries must comply

[1] European Parliament resolution of 6 July 2016 on tax rulings and other measures similar in nature or effect (TAXE 2); Texts adopted, P8_TA(2016)0310.

with the global standards governing the automatic exchange of information on bank accounts;

177. Calls on the Commission to include provisions on the fight against tax evasion, tax fraud and money laundering in the future agreement on post-2020 EU-ACP relations;

178. Calls on the Commission to establish, without delay, additional measures to reinforce EU law on conflict minerals; stresses that these measures must establish an integrated approach which will strengthen the ongoing dialogue with mineral-rich countries and thereby promote international due diligence and transparency standards, such as those defined in the OECD guidelines;

179. Takes the view that the international community, including parliaments, should take all the necessary steps to establish effective, transparent tax and trade policies; calls for more coherence and better coordination in the international action taken by the OECD, the G20, the G8, the G77, the AU, the World Bank, the International Monetary Fund (IMF) and the Asian Development Bank (ADB);

Whistle-blowers

180. Fears that the prosecution of whistle-blowers to maintain secrecy can discourage the revealing of malpractices; underlines that protection should be designed to protect those acting in the public interest and avoid the silencing of whistle-blowers while also taking into account the legal rights of firms;

181. Calls on the Commission to finalise, as soon as possible, a thorough assessment of the possible legal basis for further action at EU level and, if appropriate, to submit comprehensive legislation covering both the public and private sectors, including tools to support whistle-blowers to ensure that they are given effective protection and adequate financial assistance as soon as possible; argues that whistle-blowers should be free to report anonymously, or to lodge complaints, as a matter of priority, to the internal reporting mechanisms of the organisation concerned or to the competent authorities, and, furthermore, that they should be protected, regardless of their choice of reporting channel;

182. Recommends that the Commission study best practices from whistle-blowers' programmes already in place in other countries around the world and carry out a public consultation to seek the view of stakeholders on reporting mechanisms;

183. Stresses the role of investigative journalism and calls on the Commission to ensure that its proposal affords the same protection to investigative journalists as it does to whistle-blowers;

184. Believes that employers should be encouraged to introduce internal reporting procedures and that a single person should be responsible for collecting reports in each organisation; considers that employee representatives should be involved in the assignment of that role; recommends that the EU institutions lead by example by swiftly installing an internal whistle-blowing protection framework;

185. Underlines the importance of awareness-raising among employees and other individuals of the positive role that whistle-blowers play and the legal frameworks on whistle-blowing which already exist; encourages the Member States to implement awareness-raising campaigns; believes that it is necessary to introduce protective measures against any retaliatory and destabilising practices against whistle-blowers, as well as full compensation for any damage incurred by them;

186. Calls on the Commission to develop instruments focusing on providing protection against unjustified legal prosecutions, economic sanctions and discrimination against whistle-blowers, and calls, in this connection, for a general fund to be set up, financed in part from money recovered or proceeds from fines, to give appropriate financial support to whistle-blowers whose livelihood is put at risk as a result of disclosures of relevant facts;

187. Calls for the establishment of an independent EU body to engage in information-gathering, and act in an advisory capacity and as a referral point, with offices in Member States, which would be in a position to receive reports of irregularities, in order to help internal and external whistle-blowers in using the right channels to disclose their information, while respecting confidentiality and offering the requisite support and advice;

188. Calls for the establishment of a special unit with a reporting hotline as well as dedicated facilities within the European Parliament, and within the national parliaments of the Member States, for receiving information from whistle-blowers until an independent EU body has been established;

Interinstitutional cooperation

Cooperation with the Committee of Inquiry into money laundering, tax avoidance and tax evasion (PANA)

189. Reiterates the importance of respecting the principle of sincere cooperation between the EU institutions;

190. Believes that the exchange of information between the EU institutions should be enhanced, in particular regarding the provision of relevant information to be made available to committees of inquiry;

191. Regrets that the Council, its Code of Conduct Group on Business Taxation and some Member States showed little commitment towards the PANA Committee's requests for cooperation; believes that a stronger commitment by the Member States is key in order to pool efforts and achieve better results; resolves to monitor the activities and progress of the Code of Conduct Group on Business Taxation through regular hearings; calls on the Commission to present a legislative proposal under Article 116 TFEU by mid-2018 if the Member States have not adopted a reform of the Code of Conduct Group's mandate by then;

192. Voices its objection to the fact that even documents that have since become public were

only partly made available to its committee of inquiry;

193. Recalls that in December 2015 the ECOFIN Council invited the High Level Working Party on Taxation to conclude on the need to enhance the overall governance, transparency and working methods and to finalise the reform of the Code of Conduct Group during the Dutch Presidency; recalls that in March 2016, the ECOFIN Council invited the High Level Working Party to review the new governance, transparency and working methods, especially on the efficiency of the decision-making process also in relation to the use of the broad consensus rule in 2017; awaits with interest the results of these efforts;

194. Calls on the Commission to present in 2018 new tax proposals under Article 116 TFEU, for example on unfinished business under the Code of Conduct Group on Business Taxation;

The European Parliament's right of inquiry

195. Stresses that the current legal framework for the operation of committees of inquiry in the European Parliament is outdated and falls short of providing the necessary conditions under which the exercise of Parliament's right of inquiry can effectively take place;

196. Stresses that the lack of powers and the limited access to documents significantly hampered and delayed the work of the inquiry in view of the temporary nature of its investigation and precluded a full assessment of alleged breaches of EU law;

197. Notes that in several recent committees of inquiry and special committees (including PANA), the Commission and Council in some cases failed to provide the documents requested and in other cases only provided the requested documents after long delays; calls for the introduction of an accountability mechanism in order to ensure the immediate and guaranteed transfer of documents to Parliament that the committee of inquiry or special committee requests and is entitled to have access to;

198. Considers that the right of inquiry is an important competence of Parliament; calls for the EU institutions to strengthen Parliament's rights of inquiry on the basis of Article 226 TFEU; is of the firm opinion that the ability to subpoena persons of interest and to have access to relevant documents is vital for the proper functioning of parliamentary committees of inquiry;

199. Stresses that it is vital for the exercise of democratic control over the executive for Parliament to be empowered with powers of inquiry that match those of the national parliaments of the EU Member States; believes that, in order to exercise this role of democratic oversight, Parliament must have the power to summon and compel witnesses to appear and to compel the production of documents; believes that, in order for these rights to be exercised, the Member States must agree to implement sanctions against individuals for failure to appear or to produce documents in line with national law governing national parliamentary inquiries; reiterates its support for the position

outlined in its 2012 proposal on this issue[1];

200. Considers that the 12-month time limit on committees of inquiry is arbitrary and often insufficient; believes that the members of the committee of inquiry are best placed to determine whether an inquiry should be extended and, if so, for what period; calls for the only pre-existing binding time limit on a committee of inquiry to be linked to the parliamentary term;

201. Resolves to establish a permanent committee of inquiry, on the model of the US Congress;

202. Requests, without prejudice to any other appropriate measure, that, in accordance with Rule 116(a) § 3 of Parliament's Rules of Procedure, the Secretary-General withdraw long-term access badges from any undertaking which has refused to comply with a formal summons to appear before a committee of inquiry;

203. Calls on the Member States to improve the transparency, accountability and effectiveness of the working methods of the Code of Conduct Group as a matter of urgency;

204. Asks the Code of Conduct Group to produce an annual report identifying and describing the most harmful tax measures used in the Member States, and stating what counter-measures were taken;

205. Calls for the necessary reform of the Code of Conduct for Business Taxation Group to be finalised, in a manner ensuring full transparency and the involvement of all of the EU institutions and of civil society; calls for that reform to radically redefine the governance structure and transparency of the Code of Conduct Group, including its mandate and rules of procedure, as well as its decision-making processes and criteria for identifying harmful tax measures adopted by Member States;

Other institutions

206. Welcomes, as a first step, the establishment of a single independent European Public Prosecutor's Office (EPPO), and calls on all Member States to join the initiative;

207. Calls for stronger enforcement powers for the Commission to ensure efficient and consistent implementation of Union legislation in the Member States and stronger scrutiny by the European Parliament;

208. Calls for the creation of a new Union Tax Policy Coherence and Coordination Centre (TPCCC) within the Commission to address systemic weaknesses in cooperation among competent authorities across the EU;

209. Calls for a significant strengthening of FIU.net cooperation within the framework of Europol and suggests linking these activities with the proposed TPCCC in the hope of creating a 'Tax Europol' capable both of coordinating Member States' tax policies and of strengthening Member States' authorities in investigating and uncovering illegal

[1] OJ C 264 E, 13.9.2013, p. 41.

international tax schemes;

210. Calls on the Member States, while reforming the Treaties, to support the adoption of decisions in the field of tax policy by a qualified majority in the Council and within the framework of the ordinary legislative procedure;

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211. Instructs its President to forward this recommendation and the final report of the committee of inquiry to the Council and the Commission and to the governments and parliaments of the Member States.