



EUROPEAN PARLIAMENT

2014 - 2019

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*Committee on Economic and Monetary Affairs*

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**2015/2058(INI)**

8.5.2015

## **OPINION**

of the Committee on Economic and Monetary Affairs

for the Committee on Development

on tax evasion and tax fraud: challenges for governance, social protection and development in developing countries  
(2015/2058(INI))

Rapporteur (\*): Hugues Bayet

(\*) Associated committees – Rule 54 of the Rules of Procedure

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## SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Reiterates the pressing necessity, for developing and developed countries alike, of taxing profits where the economic activities take place; stresses that this is also the case when negotiating tax treaties with developing countries;
2. Welcomes the efforts already made, in particular within the framework of the OECD, to support developing countries in strengthening their tax systems and fighting tax fraud, tax evasion and illicit financial flows;
3. Expresses concerns about the level of corruption and non-transparent public administration in many developing countries, which hinders tax revenues from being invested in state-building, public services or public infrastructure;
4. Calls on the Member States to agree swiftly to a Common Consolidated Corporate Tax Base (CCCTB), which would initially be compulsory for European companies and European cooperative societies, and subsequently for all other companies except micro, small and medium-sized enterprises, as provided for in Parliament's legislative resolution of 19 April 2012 on the proposal for a Council directive on a Common Consolidated Corporate Tax Base (CCCTB)<sup>1</sup>;
5. Reiterates the need to draw up a blacklist of tax havens and countries that distort competition through favourable tax conditions, including those in the EU, by the end of 2015; takes the view that the definition of tax havens should at least include the criteria set out by the OECD, together with the following: 'provision for tax measures which entail no or nominal taxes, a lack of effective exchange of information with foreign tax authorities and a lack of transparency in legislative, legal or administrative provisions, or where advantages are granted even without any real economic activity or a substantial economic presence within the country offering such tax advantages'; calls, furthermore, for a definition to be formulated at an international level (e.g. the United Nations);
6. Asks those Member States with dependencies and territories which are not part of the Union to work with them towards the adoption of tax transparency principles and to ensure that they do not serve as tax havens;
7. Calls on the Commission to set up a programme, similar to Fiscalis and Hercules, to assist developing countries in building capacity to combat tax fraud, corruption, tax evasion and aggressive tax planning, which should include, in particular, technical assistance for human resources training and the development of administrative structures; stresses the need for such assistance to be provided in a transparent manner;
8. Calls on the Commission to develop further initiatives to promote good governance in tax matters in third countries, to tackle aggressive tax planning, to address double (non-)

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<sup>1</sup> OJ C 258 E, 7.9.2013, p. 134.

taxation gaps and to combat artificial tax arrangements; states that double (non-) taxation agreements between Member States and third countries must be based on common standards; insists that no double (non-) taxation agreements should be entered into with tax havens or non-cooperative jurisdictions;

9. Calls on EU bodies not to cooperate with those jurisdictions that have been deemed to be uncooperative on tax matters, or with companies convicted of tax fraud, tax evasion or aggressive tax planning, for instance by ensuring that institutions such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) no longer cooperate, through their financial intermediaries, with non-cooperative tax jurisdictions which provide for tax measures that entail no or nominal taxes, a lack of effective exchange of information with foreign tax authorities and a lack of transparency in legislative, legal or administrative provisions, and by committing not to grant EU funding to companies convicted of tax fraud, tax evasion or aggressive tax planning;
10. Recalls the pledge by the Member States, in the context of the Millennium Development Goals, to allocate as quickly as possible 0.7 % of their GDP to official development assistance;
11. Asks the Commission to cooperate fully with the OECD, the G20 and developing countries to address base erosion and profit-shifting (BEPS) and to report regularly to Parliament and the Council on the progress made; welcomes the upcoming 2015 revised Commission Action Plan on tax evasion and tax avoidance, and calls on the Commission to come forward with an EU anti-BEPS directive;
12. Calls for pilot projects on the automatic exchange of tax information with developing countries to be implemented for a transitional, non-reciprocal period as part of the implementation of the new global standard;
13. Calls on the Commission, furthermore, to propose changes to EU company law to effectively ban shell companies and similar entities by introducing, for example, substance requirements and limitation of multiple directorships;
14. Welcomes the OECD's Tax Inspectors Without Borders initiative, and calls on the Commission and the Member States to participate in the project;
15. Stresses the urgent need for a study on the impact of international tax treaties, and a 'spillover analysis' of the impact of Member States' corporate tax regimes and their bilateral tax treaties with developing countries, based on the principles and methodology of studies previously carried out by the International Monetary Fund; calls, also, for an impact assessment of national tax policies and of special-purpose entities and similar legal structures;
16. Calls on OECD member countries to draw up a code of conduct for their governments in order to ensure that tax systems are managed efficiently, based on a review of the work of the EU's existing Code of Conduct Group (Business Taxation);
17. Emphasises that the scope for creative tax planning for undertakings can be curtailed, for example by imposing binding global standards, with the result that practices such as profit-shifting and artificial profit reduction will no longer be worthwhile;

18. Calls on all the Member States to lend their support to the inclusion of the fight against tax fraud in the Post-2015 Development Agenda;
19. Calls on the Member States to advocate mandatory, automatic exchanges of information between national tax authorities throughout the world;
20. Calls for the EU and its Member States to enforce the principle that multinational companies must adopt country-by-country reporting as standard in all sectors and in all countries (to be published as part of their annual report), yet at the same time to minimise administrative burdens by excluding SMEs;
21. Calls for the establishment of an intergovernmental tax body under the auspices of the United Nations with the aim of ensuring that developing countries can participate on an equal footing in the formulation and reform of global tax policies;
22. Calls for the swift implementation of the Anti-Money Laundering Directive (AMLD) and the Funds Transfers Regulation; considers, however, that there is still room for improvement, and urges Member States to take advantage of the available flexibility, as provided for in the AMLD in particular, for the use of unrestricted public registers which allow access to relevant ownership information in respect of companies, trusts, foundations and other legal entities;
23. Welcomes the fact that the Commission Transparency Package included a commitment to conducting an impact assessment of the possibility of making country-by-country reporting public for all economic sectors; stresses the need to look at the costs of making country-by-country reporting public, but also at the benefits for European and developing countries; recalls that public transparency is a vital step towards fixing the current tax system and building public trust; strongly encourages the Commission to ensure that this information is publicly available.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	6.5.2015
<b>Result of final vote</b>	+: 43 -: 2 0: 5
<b>Members present for the final vote</b>	Burkhard Balz, Hugues Bayet, Pervenche Berès, Esther de Lange, Fabio De Masi, Markus Ferber, Jonás Fernández, Sven Giegold, Neena Gill, Roberto Gualtieri, Brian Hayes, Gunnar Hökmark, Cătălin Sorin Ivan, Petr Ježek, Othmar Karas, Georgios Kyrtos, Alain Lamassoure, Bernd Lucke, Olle Ludvigsson, Ivana Maletić, Fulvio Martusciello, Marisa Matias, Costas Mavrides, Bernard Monot, Luděk Niedermayer, Stanisław Ożóg, Dimitrios Papadimoulis, Dariusz Rosati, Alfred Sant, Molly Scott Cato, Peter Simon, Theodor Dumitru Stolojan, Paul Tang, Michael Theurer, Ramon Tremosa i Balcells, Marco Valli, Tom Vandenkendelaere, Cora van Nieuwenhuizen, Miguel Viegas, Jakob von Weizsäcker, Marco Zanni
<b>Substitutes present for the final vote</b>	Isabella De Monte, Marian Harkin, Eva Joly, Eva Kaili, Barbara Kappel, Verónica Lope Fontagné, Jacek Saryusz-Wolski, Romana Tomc, Beatrix von Storch