

## TAX3 Special Committee report

The European Parliament's Special Committee on financial crimes, tax evasion and tax avoidance (TAX3) was set up in March 2018 to build on and complement the work carried out in the EP since 2014. Its report, submitted for debate during the European Parliament's March II plenary session, takes stock of the continued topicality of these issues and of the progress made, as well as the remaining work ahead to fight financial crimes, tax evasion and tax avoidance. It also paves the way for further monitoring and follow-up actions.

### Tax avoidance, evasion and linked financial crimes under an unrelenting spotlight

Tax policy has gained significant exposure, as a result of the light shed by repeated tax-related data leaks and subsequent media investigations. Both tax evasion and fraud ([illegal](#)) and tax avoidance (*at first sight* within the limits of the law – unless the tax or, ultimately, the judicial authorities find it illegal) have been found [increasingly](#) unacceptable by European citizens, because they result in a substantial [loss of resources](#).

The [fight against tax fraud](#), in a broad sense, covers actions tackling illegal behaviour, actions to deter tax non-compliance, and actions to address tax loopholes and mismatches that can be taken advantage of, with the need to keep pace with the latest schemes and technologies. The fight against [money laundering](#) relates to actions tackling moves to camouflage the illegal or criminal origin of funds. Fighting money laundering is the other side of the fight against tax fraud (and the first to cover other criminal activities).

### 2014-2019: a term of intense work on tax and anti-money-laundering in the EU

The [TAX3 committee](#) was established in the end of the term of the [PANA](#) investigative committee by [decision](#) of the Parliament on [1 March 2018](#). The TAX3 committee's work builds on the resolutions prepared by the special committees on tax rulings and other measures similar in nature or effect ([TAXE](#) and [TAX2](#)), including the legislative resolution '[Bringing transparency, coordination and convergence to corporate tax policies](#)', and on the PANA committee report and [recommendations](#) adopted by the Parliament on 13 December 2017, which identified regulatory and monitoring challenges.

### EP pushes to maintain the increased momentum

On 27 February 2019, the TAX3 committee adopted its motion for a [resolution](#) on financial crimes, tax evasion and tax avoidance. Based on [research](#) work, [hearings](#) and fact-finding [missions](#), the draft resolution covers a wide range of topics from corporate and individual taxation, VAT, anti-money-laundering, and international aspects, as well as specific issues such as the role of intermediaries, the protection of whistle-blowers, and interinstitutional aspects and challenges, that were part of the earlier resolutions, in varying levels of detail. To these, further revelations have broadened the work of the committee to financial crimes related to dividend-stripping and coupon-washing ([cum-ex scandal](#)) and to several cases of money laundering involving [banks](#) (with [one withdrawal of a banking licence](#)) in EU Member States, revealing underlying weaknesses in combatting money laundering and in the current financial supervisory system.

The draft resolution, in particular, further details the scrutiny of Member States' tax systems and the overall tax environment within the European Semester, effective taxation (in relation to [OECD work](#)), the role of specific instruments (such as [letterbox companies](#), [free ports](#) and [residency or citizenship by investment programmes](#)), the need to strengthen the investigatory capabilities (within the framework of Europol) and the feasibility of extending measures existing at national level for the fight against money laundering (such as unexplained wealth orders).

Own-initiative report: [2018/2121\(INI\)](#); Committee responsible: TAX3; Rapporteurs: Luděk Niedermayer (EPP, Czech Republic), Jeppe Kofod (S&D, Denmark).

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Author: Cécile Remeur, Members' Research Service

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[epprs@ep.europa.eu](mailto:epprs@ep.europa.eu) (contact) <http://www.eprs.ep.parl.union.eu> (intranet) <http://www.europarl.europa.eu/thinktank> (internet) <http://epthinktank.eu> (blog)