

PANA Newsletter

Issue 6 - April/May 2017



Dear Reader,

In this newsletter we want to inform you about the progress we have made in the months of April and May and what you can expect from us in the months to come. First of all I am delighted that Commission President Jean-Claude Juncker has accepted the invitation to appear before our Committee on 30 May. I know that our

Members are very much looking forward to hearing his take on the Panama Papers and how to put an end on the damaging practices that were revealed. For this meeting we had also invited the chair of the Council's Code of Conduct Group on Business Taxation, but she declined as she feels our respective mandates don't match. That is disappointing!

As you know, our Committee has looked closely into the roles played by banks, lawyers and accountants with regard to money laundering and tax evasion and in this context I am grateful that Commissioner Pierre Moscovici - in our hearing on 4 May - announced that he will propose a directive to regulate the do's and don'ts for certain professional groups before the summer. I will not pre-empt the conclusions of our Committee, but I believe that some boundaries need to be set for certain professions to avoid the further exploitation of existing loopholes aimed at hiding the identity of the ultimate beneficial owners of offshore companies.

Our co-rapporteurs Jeppe Kofod (S&D) and Peter Jezek (ALDE) informed us that their draft-report with the findings and conclusions nears finalisation. This means that the first exchange of views can take place in our Committee on 10 July as foreseen, so also on this front we are progressing.

In my introduction I expressed my concerns about a lack of cooperation from the Council. The Council does not allow us access to its documents, but also EU-citizens are left in the dark as to how tax-related decisions in the Code of Conduct Group are taken and what their national governments' positions are or have been.

The Maltese Presidency in Office is another story. We have repeatedly invited the Presidency to participate in our hearings, but the answer was always 'no'. This - in my view - goes against the spirit of sincere cooperation between co-legislators. I do not want to enter into national politics, but I just want to note that the Prime Minister since then has called for early elections on 3 June, following new accusations that his own family might be involved in an offshore scheme.

From our side, I can assure you that our Committee is determined to present a comprehensive and detailed set of findings and recommendations and I am confident we will deliver. We will keep you posted.

Werner Langen
Chair of the PANA Committee



In this edition...

- Hearing with Commission President, Jean-Claude Juncker, 30 May 2017
- Hearing with Fernando Rocha Andrade, Portuguese Secretary of State for Tax Affairs, 30 May 2017
- Hearing on "Cooperation in tax matters with European jurisdictions", 9 May 2017
- Hearing with Commissioner for Economic and Financial Affairs, Taxation and Customs, Pierre Moscovici, 4 May 2017
- Presentation of studies, 27 April and 2 May 2017
- Meeting with Members of Belgian Panama Papers Special Committee, 26 April 2017
- Hearing on "Impact of the Panama Papers on Developing Countries", 6 April 2017
- Fact-finding mission to the USA, 21-24 March 2017
- Presentation draft findings and conclusions, 10 July 2017
- Upcoming PANA meetings and fact-finding missions
- Useful links

Hearing with Commission President, Jean-Claude Juncker, 30 May 2017



PANA Committee Members will have the possibility to question European Commission President and former Prime Minister and Finance Minister of Luxembourg, Jean-Claude Juncker, in a public hearing on 30 May from 15:00 to 16:30.

The discussion is likely to focus on ongoing and upcoming Commission initiatives in the fight against money laundering, tax avoidance and tax evasion and on Luxembourg practices of (non-) cooperation with the EU and EU Member States in the area of competence of the PANA Committee.

Location: József Antall (JAN) - 2Q2 (2nd floor), European Parliament, Rue Wiertz 60, Brussels, Belgium

Further information:

- [Meeting documents](#)
- [Webstreaming / Recording](#)

Hearing with Fernando Rocha Andrade, Portuguese Secretary of State for Tax Affairs, 30 May 2017



Right after the hearing with Commission President Juncker - from 16:45 to 17:30 - the PANA Committee will welcome the Portuguese Secretary of State for Tax Affairs, Fernando Rocha Andrade, for a discussion about the Portuguese approach in the fight against money-laundering, tax evasion and tax avoidance.

Members are likely to question him about the measures Portugal has taken in the wake of the Panama Papers and about ongoing corruption cases in the country.

A delegation of our Members will visit Portugal for a fact-findings mission on 22 and 23 June 2017.

Location: József Antall (JAN) - 2Q2 (2nd floor), European Parliament, Rue Wiertz 60, Brussels, Belgium

Further information:

- [Meeting documents](#)
- [Webstreaming / Recording](#)

Hearing on "Cooperation in tax matters with European jurisdictions", 9 May 2017



PANA Members welcomed representatives of Madeira, Gibraltar, Jersey and Guernsey on 9 May for a debate about their respective tax regimes and their governments' roles in fighting money laundering, tax evasion and tax avoidance.

Members quizzed Rui Gonçalves, Regional Secretary for Finance in Madeira, about its special free-zone tax regime, which he says was approved by the European Commission, due to its status as outermost region, and will be in place till 2027. He countered MEPs criticism about lack of transparency, saying Madeira is subject to the same legislation as in the rest of Portugal, with the free-zone regime being the only exception.

Gibraltar's Finance Director, James Tipping, insisted that Gibraltar is a fully self-governed and self-financed British overseas territory, where EU directives relevant to financial supervision regulation directly apply. From September this year, Gibraltar will automatically exchange tax information with other countries' tax administrations. 'Post Brexit', the intention is that Gibraltar will continue to apply existing commitments on exchange of information, anti-money laundering and financial supervision, he said.

Richard Walker, Director of International Tax Policy in Guernsey, pointed out that Guernsey is a British Crown Dependency, which does not form part of the UK, and that from an EU-perspective Guernsey is considered a 'third state' and may voluntarily choose to adopt EU legislation. It is setting-up a beneficial ownership register and is committed to OECD transparency standards, he said.

Colin Powell, Adviser on International Affairs to the Chief Minister in Jersey, underlined that Jersey has complied with the OECD's transparency standards and is committed to the country-by-country-reporting. He stressed that Jersey's zero rate of corporate tax is not designed to facilitate tax evasion or profit shifting, but to provide simplicity and certainty with tax neutrality for multi-jurisdictional investors and the avoidance of double taxation in the absence of Double Taxation Agreements.



Further information:

- [Press release: Post-Brexit, EU could restrict access of tax jurisdictions to single market, suggests MEP](#)
- [Programme of the hearing](#)
- [CVs, contributions and replies to written questions from speakers](#)
- [Recording of the meeting \(Webstreaming\)](#)

Hearing with Commissioner Pierre Moscovici, 4 May 2017

In his second appearance before the PANA Committee on 4 May, Commissioner responsible for Economic and Financial Affairs, Taxation and Customs, Pierre Moscovici, said "2017 will be a year of concrete actions and progress against tax fraud. (...) From September 2017 on, Member States will exchange tax information automatically and those who hide their money will be revealed".

The Commissioner also announced that the Commission will propose a new directive before summer to regulate intermediaries comprising all schemes of activity and all jurisdictions. He underlined that it is crucial to write out a complete definition for intermediaries, in order to avoid legal loopholes and he mentioned his preference for hard law, rather than of soft law.

Mr Moscovici has three priorities for 2017, he told PANA Members, notably the introduction of a common corporate tax base (CCTB), the compilation of an EU blacklist of tax havens with sanctions linked to it and stepping up the fight against VAT fraud.



Concerning the blacklist, he expressed his satisfaction with the progress that is being made. The Commissioner expects the list to be adopted by the ECOFIN before the end of the year. He said it now includes 92 jurisdictions and it was assembled, taking into consideration three criteria: measures taken in view of base erosion and profit shifting (BEPS), transparency and damaging tax practices.

Regarding the cooperation with the US administration and in view of the issue of the unilaterality of FATCA (Foreign Account Tax Compliance Act), Mr Moscovici stressed that the Commission wants a relationship of reciprocity as to the exchange of information with the USA, which - he said - "is an important ally but not the only EU ally".

Further information:

- [Press release: Commissioner details new measures against intermediaries who help tax evasion](#)
- [Written replies from Commissioner Moscovici to questionnaire](#)
- [Recording of the meeting \(Webstreaming\)](#)

Presentation of studies, 27 April and 2 May 2017

In the Committee meetings on 27 April and 2 May, researchers presented the findings and recommendations of six studies that had been commissioned by PANA coordinators.

The first meeting focused on the impact of offshore schemes on the Economy and Finances of Member States, as well as on the way Financial Intelligence Units (FIUs) function and cooperate with other FIUs. Colleagues of the EPRS also presented some preliminary findings concerning the performance of the competent national administrative and judicial authorities when it comes to investigating cases of tax evasion and money laundering. These findings are based on the responses received from Member states to a questionnaire that had been sent out by the chair in November 2016. Out of 28 Member states, 25 have responded so far. Only Malta, Denmark and Hungary had not answered (yet).



In the second meeting researchers presented two studies regarding the roles and responsibilities of intermediaries - such as bankers, lawyers, accountants and trust- and fiduciary companies - in the setting up of offshore constructions. In the following presentation, researchers zoomed in on relations of EU Member States with their overseas countries and territories, notably those of France, the United Kingdom, the Netherlands and Denmark.



Further information:

- [Study on "The impact of schemes revealed by the Panama Papers on the economy and finances of the sample of Member States" - \(Policy Department D\)](#)
- [Study on "Roles of advisors and intermediaries in the schemes revealed in the Panama Papers" - \(Policy Department A\)](#)
- [Study on "Rules on independence and responsibility regarding auditing, tax advice, accountancy, account certification services and legal services" - \(Policy Department A\)](#)
- [Overview of the performance of the competent administrative and judicial authorities as regards investigating cases of tax evasion, tax avoidance, tax fraud and money laundering \(EPRS\)](#)
- [Study on "Fighting tax crimes: ex-post evaluation of the cooperation between FIUs at the European and International level" - \(EPRS\)](#)
- [Study on "Assessment of the legal, political and institutional framework on offshore practices related to tax evasion, money laundering and tax transparency in the EU Overseas Countries and Territories \(OCT\)" - \(EPRS\)](#)
- [Recording of the meeting of 27 April 2017 \(webstreaming\)](#)
- [Recording of the meeting of 2 May 2017 \(webstreaming\)](#)

Meeting with Members of Belgian Special Panama Papers Committee, 26 April 2017

On 26 April, a delegation of four Members of our Committee - chairman Werner Langen (EPP), co-rapporteurs Jeppe Kofod (S&D) and Petr Jezek (ALDE) and coordinator for the Greens Sven Giegold - visited their counterparts of the Belgian Inquiry Committee into tax evasion and the Panama Papers in the Belgian Parliament.

Belgium was one of the three countries, together with Luxembourg and Austria, that introduced a withholding tax on income on savings as part of its transitional period before fully implementing the European Savings Directive in 2009. In response to questions of our Members, Belgian MPs acknowledged that this withholding tax indeed had led to the setting-up of many offshore construction whose aim was to circumvent it (as was the case in Luxembourg). The Belgian amnesty regime has also brought to light many "Belgian" constructions in Luxembourg involving Panama, they said.

Belgian parliamentarians explained that they also look closely into the roles that has been played by different groups of intermediaries such as bankers, lawyers and tax advisors in the setting up offshore structures aimed at evading tax and that they are looking into ways to regulate these professions. The MPs underlined that tax fraud structures know no borders and that therefore the response needs to

be European and international. They would very much welcome a European list of tax havens, they told our Members. Other priorities include better international coordination and protection of whistle blowers.



Further information:

- [Transcription of the meeting with Members of Belgian Special Committee into the Panama Papers](#)
- [Belgian Special Committee on Panama Papers](#)

Hearing on “Impact of the Panama Papers on Developing Countries”, 6 April 2017

Impact of the schemes revealed by the Panama Papers on developing countries

On 6 April, a hearing was held on the impact of the schemes revealed by the Panama Papers on developing countries. Members heard Alvin Mosioma, founding executive director of Tax Justice Network and Nuhu Ribadu, who is a former Nigerian government anti-corruption official.

Mr Ribadu underlined that the Panama Papers revelations exposed a high number of African political and business leaders. He stressed that 52 out of 54 African countries used offshore companies created by the Panamanian law firm. Moreover, he identified two crucial factors for preventing corruption: an open contracting process, where each contract would have a unique ID to be tracked across its lifecycle and a global beneficial ownership register of companies. He argued that the OECD Common Reporting Standard (CRS) is useful for developing countries, under the condition of them being party to an international legal agreement for exchanging information automatically.



Mr Mosioma made the case for an intergovernmental UN tax body that could ensure that developing countries are part of the OECD’s anti-BEPS agenda. Concerning the idea of setting-up registers of beneficial ownership, he stressed that many developing countries may have difficulties due to a lack of technical, human and institutional capacity. He also highlighted the need for public country-by-country reporting (CBCR), which would make it mandatory for companies to report their data on a country by country basis for all countries. The OECD threshold of €750 million needs to be lowered for developing countries, so as to include more multinationals with operation in developing economies.

Further information:

- [Programme of the hearing](#)
- [CVs, contributions and replies to written questions from speakers](#)
- [Transcription of the hearing \(Verbatim\)](#)
- [Recording of the hearing \(webstreaming\)](#)

Fact-finding mission to the USA, 21-24 March 2017

MEPs call on US lawmakers to increase beneficial ownership transparency



A delegation of 9 Members of our Committee visited Washington DC and the state of Delaware for a fact finding mission from 21 to 24 March.

Members met with senators and representatives in Congress, with FinCen, the AML- and the anti-tax evasion teams at the US Treasury, researchers, the International Consortium for Investigative Journalism, academics and tax transparency advocates. In Delaware they met with senators and house representatives of the General Assembly and representatives of the executive branch, as well as with the Chief of Justice and academics.

Recurring issues in the discussions were the question of ultimate beneficial ownership registers of companies and whether such information – if available - should be made publicly accessible, the reporting on suspicious transactions by banks, and intermediaries, the robustness of client due diligence regulation (effective as of May 2018), reporting standards and -obligations, special tax loopholes such as in the state of Delaware and the US sanctions regimes.



"In Europe we have a momentum to improve our corporate tax systems by plugging loopholes and improving transparency. The same goes for anti-money laundering measures. But to be really effective, we have to stand shoulder to shoulder with the US and try to push for better global standards. What we see is that – like in the EU – the competences are sometimes federal and sometimes at state level, which makes it complex to change certain practices", delegation chairman Werner Langen said after the meetings.

Further information:

- [Press release: MEPs call on US lawmakers to increase beneficial ownership transparency](#)
- [Study on "EU-US trade and investment relations: Effects on tax evasion, money laundering and tax transparency"](#)

Presentation draft findings and conclusions, 10 July 2017

Co-rapporteurs Jeppe Kofod (S&D, DK) and Petr Ježek (ALDE, CZ) will present their draft report with the findings and conclusions during a Committee meeting on 10 July. The report follows the approach they layed-out in their working document that was discussed on 26 January.



Jeppe Kofod
Co-Rapporteur (S&D, DK)



Petr Ježek
Co-Rapporteur (ALDE, CZ)

Following their presentation, there will be a discussion with Members. In addition to the findings and conclusions, the co-rapporteurs will present a second draft report with recommendations, which will be discussed at a later stage.

DRAFT INDICATIVE TIMETABLE OF REPORT ON FINDINGS

Event	Date
Draft final report available in EN	Tuesday, June 27, 2017
Consideration of draft report and draft recommendation	Monday, July 10, 2017
Deadline for amendments to draft report and draft recommendation	Tuesday, September 05, 2017
Consideration of amendments	Tuesday, September 26, 2017
Vote in PANA on final report and recommendation	Wednesday, October 18, 2017
Debate / vote in Plenary	Mini plenary-Session of November 2017 (Bxl) (Fall-back December 2017)

Further information:

- [Jeppé Kofod](#)
- [Petr Ježek](#)
- [Working document](#)

Upcoming PANA meetings and fact-finding missions

- Wednesday, **21 June** (09.00 - 11.00) - Joint PANA-JURI hearing "The EU-wide protection of whistle-blowers"
- Wednesday, **21 June** (15.00 - 18.30) - Hearing on "Financial Intelligence Units (FIUs) ins and outs and the Russian "Laundromat" case"
- **22/23 June** - PANA fact-finding mission to Portugal
- Monday, **3 July** (19.00 - 21.00) in Strasbourg - Hearing with Věra Jourová, Member of the European Commission responsible for Justice, Consumers and Gender Equality
- **7/8 July** - PANA fact-finding mission to Cyprus
- Monday, **10 July** - Committee meeting First discussion on the report / Hearings with EU Finance Ministers
- **14/15 September** - PANA fact-finding mission to Switzerland

* * *

Useful links

- [PANA draft work programme of the upcoming activities](#)
- [Presentations, speeches and replies to questionnaires from hearings](#)
- [Transcriptions of the meetings and press releases](#)
- [Official letters \(Invitation letters, letters related to request of request of documents, request for Member States contributions\)](#)
- [Coordinators' decisions](#)
- [PANA hearings, workshops and missions](#)
- [Supporting analyses \(Studies, briefings, fact sheets\)](#)
- [Committee mandate \(powers, numerical strength and term of office\) as adopted by the European Parliament on 08.06.16](#)
- [List of members of the PANA Committee](#)

For further links, please visit the [PANA website](#).

PANA Bureau, Coordinators, Co-Rapporteurs and Shadow-Rapporteurs

Bureau:	<ul style="list-style-type: none"> ▪ Chair: Werner Langen (EPP) ▪ 1st Vice-Chair: Ana Gomes (S&D) ▪ 2nd Vice-Chair: Pirkko Ruohonen-Lerner (ECR) ▪ 3rd Vice-Chair: Fabio De Masi (GUE/NGL) ▪ 4th Vice-Chair: Eva Joly (Greens/EFA)
Coordinators:	<ul style="list-style-type: none"> ▪ Dariusz Rosati (EPP Coordinator) ▪ Markus Ferber (EPP Deputy Coordinator) ▪ Peter Simon (S&D Coordinator) ▪ Bernd Lucke (ECR Coordinator) ▪ Michael Theurer (ALDE Coordinator) ▪ Louis Michel (ALDE Deputy Coordinator) ▪ Patrick Le Hyaric (GUE/NGL Coordinator) ▪ Sven Giegold (Greens/EFA Coordinator) ▪ David Coburn (EFDD Coordinator) ▪ Barbara Kappel (ENF Coordinator)
Co-Rapporteurs:	<ul style="list-style-type: none"> ▪ Jeppe Kofod (S&D) ▪ Petr Ježek (ALDE)
Shadow-Rapporteurs:	<ul style="list-style-type: none"> ▪ Ludek Niedermayer (EPP) ▪ Angel Dzahmbazki (ECR) ▪ Miguel Urbán Crespo (GUE/NGL) ▪ Molly Scott Cato (Greens/EFA) ▪ (EFDD) ▪ Barbara Kappel (ENF)

Contacts and suggestions

For further information, please contact pana-secretariat@europarl.europa.eu or visit the [PANA website](#).

Head of Secretariat Anje Bultena	
Administrators: Marcus Scheuren Benoit Wets Ron Korver Elisabeth Kavalierakis Trainees: Anna Gatterer Iliana Koutoulakou	Assistants: Cinti Torrens Bermo (Committee assistant) Pascale Canart (Assistant of Head of Secretariat) Soňa Priborska Damien Columb

If you wish to receive the PANA Newsletter, please send an e-mail with your contact details and "Newsletter" in the subject field to: pana-secretariat@europarl.europa.eu

The closure date of the current issue: 22 May 2017 - Newsletter Editors: Ron Korver and Cinti Torrens

disclaimer: The items contained herein are drafted by the PANA Secretariat and are provided for general information purposes only. The opinions expressed in this document are the sole responsibility of the author(s) and do not necessarily represent the official position of the European Parliament. The PANA Newsletter may contain links to websites that are created and maintained by other organisations. The PANA Secretariat does not necessarily endorse the view(s) expressed on these websites.

Please note that the European Parliament does not accept any liability for the content of the information received; hence the provider of the information remains solely and fully liable for compliance with applicable requirements under national rules and law as well as for the content of the information provided.

Pictures: © European Parliament