Question for written answer E-000351/2023
to the Commission
Rule 138
Ernest Urtasun (Verts/ALE)

Subject: 131 % increase in Spanish investments in tax havens in 2020

According to the Spanish Ministry of Industry, Trade and Tourism's database, investments from Spain in low-tax territories like the British Virgin Islands and Bermuda, considered epicentres of major money-laundering scandals and tax evasion, skyrocketed by 131 % in 2020. Gross flows towards tax havens doubled. Nevertheless, relatively meagre amounts ended up in official tax havens: EUR 221 million compared to the EUR 28.592 billion of foreign direct investment (FDI) from Spain in 2020. The International Monetary Fund refers to this phenomenon as phantom FDI.

Most IBEX 35[1] companies have subsidiaries in tax havens and low-tax jurisdictions such as Luxembourg. According to Oxfam, the number of IBEX 35 subsidiaries in such territories stood at 744 in 2020. Likewise, the Missing Profits of Nations study stated that multinationals divert 40 % of their profits each year to territories with low or no taxation, particularly within the EU.

1. What else will the Commission do in this regard besides the upcoming tax proposals and where does it stand on the tax scoreboard?

2. When will it use Article 116 of the Treaty on the Functioning of the European Union to propose rules on tax matters, particularly to tackle harmful tax practices in Member States?

3. How are FDI inflows and outflows used as economic indicators for the current EU list of non-cooperative jurisdictions and does this list target phantom FDI effectively?

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[1] Spain's main stock market index.