Paradise Papers debate: EU countries should crack down on tax dodging

All EU countries should take steps to clamp down on tax avoidance schemes, said MEPs on Tuesday 14 November during a debate on the Paradise Papers scandal.

Tax scandals

The Paradise papers is the latest leak of documents that show how millionaires and international corporations hide their wealth and try to avoid paying their taxes.

The 13.4 million leaked files from offshore law firm Appleby were processed by the International Consortium of Investigative Journalists. Media outlets from all over the world started publishing revelations at the beginning of November.

Other recent tax scandals

In April 2016 leaked documents from Panama law firm Mossack Fonseca provided an insight into how politicians, businessmen, criminals and public figures use offshore schemes to hide their assets from public scrutiny.

Two years before that, in April 2014, the LuxLeaks scandal showed Luxembourg offered large corporations preferential tax treatment.

Plenary debate

During the debate in Strasbourg on 14 November, many MEPs commented on the role of the state. “I hope this new leak has opened the eyes of those member states who had not comprehend the magnitude of the problem,” said Czech ALDE member Petr Ježek, one of the
authors of the final report by Parliament's committee investigating the Panama papers.

German ECR member Bernd Lucke asked: “How come we need investigative journalists to reveal all this? What are national tax authorities up to?”

Matti Maasikas, representing the Council, said: “The leaks are instrumental for informed policymaking and political decisions. A fairer tax system is what citizens expect from us.”

Pierre Moscovici, the commissioner for taxation, said he was shocked but not surprised about the revelations: "For quite a while now we know that multinational companies and well-off tax payers and banks have been working hand in glove to remove all sorts of earnings from the public light." He added: “If this is legal - as some claim - then we need to change the law with the help of this Parliament.”

According to Austrian ENF member Barbara Kappel the EU had made significant progress over the last few years: “There are now many instruments available to combat tax avoidance and it seems to me that you won’t find any Europeans in the Paradise papers apart from Brits.”

A number of MEPs underlined the threat posed by unfair tax practices. Czech EPP member Luděk Niedermayer said: “The extensive use of loopholes in tax systems and the intentional or unintentional creation of special tax regimes are harming our economy, harming competition, increasing inequality, and as result, people are losing trust.”

Belgian Greens/EFA member Philippe Lamberts said: “Tax avoidance is not just undermining the public system, but also democracy.”

Italian S&D member Gianni Pittella called attention to the need to tackle the facilitators of tax dodging: “The competent authorities should suspend or revoke banking licenses of financial institutions and advisors who are complicit in organising tax evasion.”
Spanish GUE/NGL member Miguel Urbán Crespo added: “How long are we going to tolerate this and not have deterrents and sanctions such as removing professional and banking licences? Until we do that, we won’t be tackling tax avoidance and evasion.”

**Parliament’s work**

Since the beginning of the economic and financial crisis, MEPs have been fighting against unfair tax practices that starve countries of much needed funds. Examples of Parliament’s work are the EU's anti-money laundering directive and rules oblige multinationals to disclose their tax information. In addition MEPs adopted Parliament’s recommendations for fighting aggressive corporate tax planning at the end of 2015.

Tax ruling practices by some EU countries that seemed to favour large companies were investigated by two special committees. Businesses such as Google, Apple, IKEA and McDonald's appeared at hearing organised by these committees to explain their tax practices.

The final report of the second special committee regarding tax rulings included recommendations such as a tax havens blacklist and sanctions against non-cooperative tax jurisdictions.

In the wake of the Panama papers revelations Parliament set up an investigative committee. MEPs will vote on its final report during the December plenary. One of the conclusions of the report is that some EU countries have failed to tackle money laundering and tax evasion.

One of the priorities for the Parliament is to create a level playing field for EU countries and get rid of questionable tax schemes. Keep up to date with the latest developments with the help of our special section.

**Find out more**

- Resolution
- Press release on the debate
Speakers taking part in the debate on the Paradise papers