

Fighting tax havens, evasion and money laundering

Tax avoidance, tax evasion and money laundering by multinational companies and wealthy individuals, criminal organisations undermine the rule of law and the equality before the law. Moreover it widens the social inequalities and endangers the public services. It is an assault to fundamental principles of equality, tax justice, democracy and the rule of law if tax obligations are not followed by all. Done on a global, systemic level, this is an unacceptable attack on the European welfare states and our society at large, as well as on developing countries that do not get their fair share of profits made by multinational companies exploiting the resources of those countries.

Offshore Leaks, Lux Leaks, the Panama and Bahamas Papers scandal confirmed, that there are still myriad ways to exploit secretive offshore tax regimes. Contrary to what we have been told at least since the last financial crises, tax havens are not game over yet. Powerful and wealthy people as well as companies still find ways to escape the system and to get privileged treatments in order to reduce their tax bills or hide their financial proceeds.

There is a serious lack of enforcement of the existing obligations upon banks and other obliged entities when it comes to fighting tax evasion, tax avoidance or money laundering. Moreover, cooperation between law enforcement authorities (police, prosecutors, judges), tax administrations and anti-money laundering bodies is obviously not efficient. This creates loopholes for tax dodgers and money launderers to exploit.

Secrecy is a key element to foster money laundering, financial criminality, terrorism financing and also tax avoidance. We need laws and international coordination, that guarantee transparency in the future – and we have to protect the whistle blowers, when they expose the wrong doings at present and in the future.

We need strong and binding European and international rules and cooperation on this matter. A European and international approach is necessary in many of these areas as criminals and tax dodgers know no borders and benefit from uncoordinated actions. The tax laws, rulings and other administrative arrangements of one country should not allow people and companies to escape fair taxation in another. There is a need to step up our efforts in the fight against economic criminality in order to move towards the European Union citizens expect and deserve.

We welcome the fact that the European Parliament, often pushed forward by the Green Group in the European Parliament, and the Parliamentary Assembly of the Council of Europe (PACE) have been active to reign in tax dodging and we will work to create a strong cooperation between the European Parliament, PACE and national parliaments in this regard.

A common system for taxing financial transactions has to be developed and generalised to all member states. On the international level, we call on the UN to create a Tax Body with adequate resources in order to secure inclusive decision-making on tax justice.

The European Greens call for:

- I. **Create greater transparency obligations.** If there is one thing that all LuxLeaks and Panama papers stories have in common, it's secrecy. Who is the real beneficiary of transactions or

companies is hidden behind a shell company, nobody is exchanging information on what clients are doing, and no information is available to the public. What these disclosures showed us is that we need far greater information on what is going on, starting with public registries of beneficial owners, effective and mandatory public country by country reporting, public reporting on tax rulings and register of assets.

2. **Ensure greater enforcement of already-existing rules.** There is already European legislation to fight money laundering, tax evasion and avoidance. Unfortunately, little attention is paid to how this legislation is transposed into national law, whether it is transposed in time and how it is enforced. Despite rules such as Know Your Customers, banks have helped their clients in creating offshore companies and evade taxes. The European Commission currently only has less than a dozen persons in its taskforce to prevent financial crimes. We need to empower European and national bodies to monitor whether existing obligations are truly respected and ensure enforcement.
3. **Strengthen European institutions' cooperation for law enforcement and prosecution.** So far, collaboration between different actors (police forces, tax administrations, anti-money laundering officers, prosecutors, judges etc.) and between different countries has not been efficient. We need to ensure interconnection of registers where information is stored, encourage greater cross-border working opportunities and remove the legal constraints that have been impeding greater collaboration.
4. **Taxes must be paid where the profits are created.** Today, a multinational can actually send its profits earned in one country to its subsidiary in some other country where taxes are low.
5. **Prohibit the public administrations to hire services of companies with registered offices in tax havens.** In order to ensure transparency in public procurement, we must promote European, national, regional and local administrations to reward transparent and ethical businesses. Having registered offices in tax havens must be penalized in the processes of public procurement.
6. **Obtain European protection of whistleblowers.** Unfortunately, whistleblowers acting in the public interest are often prosecuted while those being denounced walk free. We call on European Governments to create a safe haven for those who expose information in the public interest. We call on the European Commission to present a legislative proposal on the protection of whistleblowers, who expose bad practices, based upon the inputs of the draft directive proposed by the Greens/EFA group.

7. **Strong cooperation on all levels.** There is fierce competition between European countries on taxation, often leading to a race to the bottom and member states willing to provide even wider tax breaks than their neighbour. The Greens call for cooperation and coordination to avoid a race to the bottom between member states competing, including through tax rulings for multinationals. Our first goal is a Common Consolidated Corporate Tax Base in Europe, which must be accompanied by a minimum corporate tax rate in the Member States. The EU should accelerate its work towards a harmonisation of the tax systems, to move it from work-related taxes to a polluter-pays system and tax revenue. This is of utmost importance both for avoiding social and environmental dumpings and tax evasion even inside the EU. The fight against social inequalities and the shift from austerity policies to a green transition of the economy starts here.