



Tax Justice



european network on
debt and development



OXFAM



**TRANSPARENCY
INTERNATIONAL EU**

Posted by: Eurodad, Oxfam and Transparency International



The issue of large-scale tax dodging by multinational corporations and wealthy individuals has been high on the political agenda for years. This is not least because of numerous international tax scandals, which have revealed shocking examples of how some of the world's largest corporations and richest people are using international structures and tax havens to evade or avoid taxation.

In the lead up to the European elections in 2014, all major party groupings in the European Parliament issued statements supporting the fight against large-scale international tax dodging.

Civil society organisations from across Europe have campaigned for a tax system which reduces inequality within and between nations, and mobilises the resources required to ensure development and the to achieve the sustainable development goals.

Key developments



Letting the public know what multinational corporations pay in



taxes and where they do business

This would be a first step towards ensuring that multinational corporations pay taxes where they do business.

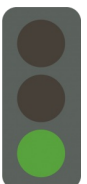
In July 2017, the European Parliament adopted a [position](#) in favour of requiring all the largest multinational corporations operating in the EU (corporations with a turnover of minimum €750 million) to publish data showing where they do business and what they pay in taxes in each country where they operate (public country by country reporting). However, the position contains major loopholes that might be abused by multinationals to conceal key figures from tax havens (see further analysis by [Oxfam](#), [Transparency International](#) and [Eurodad](#)). A final directive is currently being negotiated with the EU Member States and the Commission.



Ending secret shell-companies and anonymous trusts

Requiring owners of companies and trusts to be on a public register would reduce the risk that these structures are used to hide and launder dirty money (see for example, the [Offshore Leaks](#) scandal in 2013 and [Panama Papers](#) scandal in 2016).

In 2017, the European Parliament adopted a [position](#) in favour of such a public register. A final directive is currently being negotiated with the EU Member States and the Commission.



Assessing the impacts of EU policies on developing countries

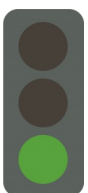
European Parliament has repeatedly **called** for the EU to carry out a spill-over analysis to estimate the impacts of its tax policies on developing countries. However, only few EU Member States have followed this recommendation.



Taxing multinational corporations where they do business

In the past, the European Parliament has called for multinational corporations to be taxed as single entities in the EU, based on their level of business activity in each Member State, as well as for a minimum corporate tax rate. This system would replace the flawed transfer pricing system, which is currently the basis for taxing multinational corporations in the EU.

The European Commission has now launched a **new proposal** on this issue (the Common Consolidated Corporate Tax Base), but the Parliament has not yet adopted its position on the new proposal.



Giving developing countries a seat at the table

In the past, global tax standards have been decided by the OECD and G20, while more than 100 developing countries have been excluded from the negotiations. In a 2015 **decision** coordinated by rapporteur MEP Elly Schlein, the European Parliament called for global intergovernmental tax negotiations to take place at the United Nations, where all countries have a seat at the table. This call has since been repeated in other reports by the Parliament.

Looking ahead

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The European Parliament, Commission and EU Member States will now enter into negotiations about whether the public should be allowed to know where multinational corporations do business and how much they pay in taxes. During these negotiations, it is vital that the European Parliament not only continues to support the public's right to information, but also closes the loopholes which can provide ways for multinational corporations to conceal key data on their activities in tax havens.

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During the second half of 2017, the EU will also make a decision about whether owners of companies and trusts should be included in a public register. While the European Parliament has a progressive position on this issue, the same cannot be said for the EU Member States, many of which are pushing back on the proposal to publish the names of owners of companies and trusts. The European Parliament must therefore stand firm on its demand for transparency, in order to combat tax evasion and money laundering through secret shell companies and anonymous trusts.

Lastly, the EU will start negotiating how multinational corporations should be taxed in the EU. On this issue, the European Parliament must reconfirm its support for multinational corporations to be taxed as single entities in the EU, based on their level of business activity in each Member State, rather than based on flawed transfer pricing standards. The Parliament must also speak out against any attempts to introduce new large-scale tax deductions for multinational corporations. The European Parliament only has an advisory role on this issue, but must use its voice to push for an ambitious outcome.
