

S&Ds: EU urgently needs effective minimum taxation, and to put an end to impunity for money laundering

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Ahead of the publication of the report of the special committee on financial crimes, tax evasion and tax avoidance next week, the Socialists and Democrats are calling for an urgent minimum effective taxation for multinationals and a ban on golden visa schemes in the EU. The draft report will present the findings of the committee and a number of recommendations to fight tax crimes, evasion and avoidance in the EU. The S&Ds have been leading the battle for fairer taxation and against corporate crime in Europe.

S&D Group vice-president & co-rapporteur in the special committee on tax, Jeppe Kofod MEP, stated:

“Diverging national rules and loopholes are enabling large-scale tax fraud, money laundering and VAT fraud that cost EU member states billions of euros in lost tax revenue every single year, as the recent revelations on the CumEx files and the Danske Bank scandal have shown. The VAT gap alone is estimated at upwards of €147 billion a year.

“The draft report of the special committee on tax points to a number of patterns, loopholes and weaknesses in the European anti-money laundering and tax regimes, that enable money laundering in the EU. Inadequate cooperation between member states’ authorities and slow action are allowing tax fraudsters and money launderers to get away. This is not only unacceptable and unfair, but also in clear breach of the provisions in the treaties. The draft report therefore also proposes concrete remedies to amend these weaknesses.

“With almost 70% of financial crimes having a cross-border dimension, the notion that member states can tackle this problem alone is not only foolish, but outright harmful. We call on the European Commission and member states to promptly enforce strong and harmonised rules to fight cross-border economic crimes. This must start with appointing a single point of contact in the tax authorities of all member states that would immediately warn other member states of potential cases of cross-border tax fraud.

“We welcome the initiative of the French and German ministers to discuss minimum effective taxation at the G7 meeting and call for the urgent introduction of a minimum effective rate of corporate tax in Europe. EU member states are caught in a race to the bottom on corporate taxes. From 1997-2017 corporate tax rates in the current EU28 have plummeted from over 35% to under 22%. This free ride for big corporations must now stop. We believe the EU should lead by example by ensuring a common minimum effective corporate tax rate to ensure that multinational corporations pay their fair tax and contribute fairly to our societies.”

S&D Group spokesperson for the Parliament's special committee on tax, Peter Simon MEP, stated:

“We are alarmed at the unprecedented rise in sales of citizenship and residency permits taking place in the EU. According to estimates from Transparency International and Global Witness, more than 6,000 passports and almost 100,000 residency permits were issued through golden

visas schemes over the past decade. Member states are trading citizenship for business deals under opaque conditions and without much consideration for the repercussions.

“The practice of golden visa schemes poses serious risks to the Union’s the security and integrity and is harmful to the EU citizens. Such schemes enable massive money laundering, tax evasion, unfair taxation, and create estate bubbles. The later severely affect the lives of people in the countries offering such schemes making it hard for long-time resident to afford a decent home. We can no longer tolerate this. Golden visa schemes must be banned!

“The granting of an EU citizenship is not a commodity you can buy and use at your pleasure and convenience. It comes with rights and obligations and values that must be upheld in all cases. In the meantime, until these schemes are repealed by member states, the fifth Anti-money Laundering Directive imposes vigorous due diligence on applicants for nationality and residence through investment. Transparency and rigorous scrutiny of vetting processes are crucial to the fight against money laundering, and thanks to the Socialists and Democrats, member states are bound to comply with strong checks.”