



**Group of the Progressive Alliance of
Socialists & Democrats
in the European Parliament**

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Brussels, 28th March 2017

European Commission President Jean-Claude Juncker

Cc:

- Vice-President Valdis Dombrovskis for the Euro and Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union
- European Commissioner Pierre Moscovici for Economic and Financial Affairs, Taxation and Customs
- European Commissioner Margrethe Vestager for Competition

Dear President,

We are writing to you with regard to the unacceptable use of tax havens and their favourable tax and regulatory rules by large EU banks revealed by the report "Opening the vaults: the use of tax havens by Europe's biggest banks" published by Oxfam on Monday 27 March.

The S&D Group has been the leading force in the fight for tax justice and action against tax avoidance, tax evasion and tax havens at the EU level. These are issues of major social justice and economic efficiency.

The Oxfam report exploits public Country-by-Country Reporting (CBCR) information of the banking sector, introduced in the EU legislation in the Capital Requirements Directive IV and applied from January 2015, thanks to the position of the European Parliament under the leadership of the S&D Group. This report confirms the need for more transparency and corporate accountability and the benefit of a tool such as public country-by-country reporting.

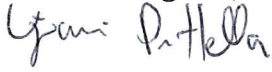
Using that data, Oxfam was able to demonstrate that the top 20 EU banks are registering far more profits in special tax jurisdictions than can be justified by the level of real economic activity taking place in these latter. A large proportion of the profits declared is made despite the banks not employing a single person in the countries concerned, and the biggest banks usually pay low or no taxes in those jurisdictions.

We therefore ask the Commission to launch all the proper investigations to assess the potential infringement of competitions rules. These practices could be a breach of fair competition. Moreover, we ask the Commission to ensure by all means that these practices in third countries are not representing a threat for financial stability in the EU and we call for the swift adoption of effective measures to tackle these unfair practices.

We recognise the efforts made by the Commission since the beginning of its term to fight tax evasion and avoidance, to ensure that profits are taxed where the economic value is created. However, this report evidences that this is still not the case, and much remains to be done in this area. We call on the Commission to push the Council to agree as soon as possible on a blacklist of non-cooperative jurisdictions, ensuring that effective and deterrent sanctions are applied. We also ask the Commission to examine any further needed action or initiative to correct this unacceptable situation that jeopardized the trust of EU citizens.

We look forward to reading you.

Best regards,



Gianni Pittella

President of the S&D Group



Udo Bullmann

Vice-

President of the S&D Group in
charge of the economic and social
model



Pervenche Berès

S&D coordinator for economic and
monetary affairs