

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on lessons learnt from the Pandora Papers and other revelations
(2022/2080(INI))

COMP A - Citations

AMs covered: 1 (Greens), 2 (Greens), 3 (Renew)

The European Parliament,

- having regard to the European Court of Auditors special report of 26 January 2021 entitled ‘Exchanging tax information in the EU: solid foundation, cracks in the implementation’,
- *having regard to the European Court of Auditors' annual report entitled 'Annual report on EU agencies for the financial year 2021', (1)*
- *having regard to the decision of the European Ombudsman of 16 May 2022 on how the Commission the European Commission handles “revolving door” situations involving its staff members (OI/1/2021/KR), (2)*
- *having regard to its resolution of 09 March 2022 on Citizenship and residence by investment schemes, (3)*
- having regard to the European Court of Auditors special report of 28 June 2021 entitled ‘EU efforts to fight money laundering in the banking sector are fragmented and implementation is insufficient’,
- having regard to its resolution of 10 July 2020 entitled ‘A comprehensive Union policy on preventing money laundering and terrorist financing – the Commission’s Action Plan and other recent developments’¹,
- having regard to its resolution of 21 January 2021 on reforming the EU list of tax havens²,
- having regard to its resolution of 16 September 2021 on the implementation of the EU requirements for exchange of tax information: progress, lessons learnt and obstacles to overcome³,

¹ OJ C 371, 15.9.2021, p. 92.

² OJ C 456, 10.11.2021, p. 177.

³ OJ C 117, 11.3.2022, p. 120.

- having regard to its resolution of 7 October 2021 on reforming the EU policy on harmful tax practices (including the reform of the Code of Conduct Group)⁴,
- having regard to its resolution of 21 October 2021 on the Pandora Papers: implications for the efforts to combat money laundering, tax evasion and tax avoidance⁵,
- having regard to its resolution of 16 January 2020 on institutions and bodies of the Economic and Monetary Union: preventing post-public employment conflicts of interest⁶,
- having regard to Rule 54 of its Rules of Procedure,
- having regard to the opinions of the Committee on Development and the Committee on Civil Liberties, Justice and Home Affairs,
- having regard to the report of the Committee on Economic and Monetary Affairs (A9-0000/2022),

COMP B - Recitals

AMs covered: 4 (Left), 5 (Greens), 6 (Left), 7 (Renew), 8 (ECR), ~~10 (Left)~~, 12 (Greens), 13 (S&D), 15 (Renew), 16 (S&D), 17 (Greens), 19 (S&D), 20 (Greens), 22 (Greens), DEVE A, DEVE C, DEVE F, DEVE 2,

AMs falling: 9 (EPP), 11 (ID), 14 (ID), 18 (ID), 21 (ID), DEVE D

- A. whereas the Pandora Papers were a massive data leak, which the International Consortium of Investigative Journalists began publishing on 3 October 2021, documenting the beneficial owners of corporate entities established in secrecy jurisdictions;
- Aa. whereas 2.94 terabytes of data were leaked to the ICIJ and shared with media partners around the world; whereas some of the files date back to the 1970s, but most of those reviewed by the ICIJ were created between 1996 and 2020; whereas the new data leak reportedly concerns more than 330 political figures and public officials from almost 100 countries, including 35 current or former heads of state or government; (4, 5)*
- B. whereas the Pandora Papers revealed how high-net-worth individuals, including politically exposed persons, criminals, public officials and celebrities, are assisted by intermediaries, such as banks, accountants and law firms, in designing complex

⁴ OJ C 132, 24.3.2022, p. 167.

⁵ OJ C 184, 5.5.2022, p. 141.

⁶ OJ C 270, 7.7.2021, p. 113.

corporate structures registered in secrecy jurisdictions or tax havens in close cooperation with offshore professional service providers in order to shield income and assets from taxation, *sanctions and other legal obligations and to enable and possibly launder money laundering and terrorist financing*; (7)

- Ba.** *whereas regrettably (8) a number of politicians, including EU high-level decision-makers, such as Nicos Anastasiades, the President of Cyprus; Wopke Hoekstra, the Dutch Minister of Foreign affairs; John Dalli, former Maltese Minister and former EU Commissioner; and Andrej Babiš, former Prime Minister of Czechia have also been featured in the Pandora Papers; (10)*
- Bb.** *whereas the activities revealed in the Pandora Papers include the ~~creation~~ misuse of shell companies, foundations and trusts for the following purposes: buying property and luxury goods, yachts, jets and life insurance anonymously, making investments and transferring money between bank accounts for illegal purposes, avoiding taxes and committing financial crimes, including money laundering and terrorism financing; (15, 17)*
- Bc.** *whereas the Pandora Papers are the latest major data leak to expose the inner workings of the offshore financial world, following on from Lux Leaks in 2014, Swiss Leaks in 2015, the Panama Papers in 2016, the Paradise Papers in 2017, Mauritius Leaks in 2019, Luanda Leaks and the FinCEN Files in 2020, together with Lux Letters in 2021; (12)*
- Bd.** *whereas, according to research ~~the EU Tax Observatory~~⁷, the amount of financial wealth held in tax havens in 2017 was EUR 7 900 billion; whereas this amount is equivalent to 8% of the world's gross domestic product (GDP); whereas, as a result, there is a loss of tax revenue of around EUR 155 billion per year worldwide; (6)*
- Be.** *whereas the leaks Panama Papers and Swiss Leaks revelations suggest that the top 0.01 % of the wealth distribution owns about 50 % of the wealth placed in tax havens while the top 0.01 % evades about 25% of its tax liability by concealing assets and investment income abroad, making tax evasion also a question about inequality;⁸ (13)*
- Bf.** *whereas the practices described in the Pandora Papers further entrench social and economic inequalities in our societies, and strongly erode citizens' trust in the rule of law and in our economic and democratic system; whereas fostering social and economic justice is ever more important in the crisis that the EU currently faces, following the war of aggression against Ukraine and the cost of living crisis that ensued; (16)*
- Bg.** *whereas tax crimes are a predicate offence for money laundering under EU law and international standards; whereas the activities reported in the Pandora Papers are not all illicit or criminal ~~inherently illegal~~, but ~~certainly~~ may amount to tax avoidance and abuse of corporate secrecy; (19)*
- Bh.** *whereas the parties to the Addis Ababa Action Agenda of the Third International Conference on Financing for Development committed to enhance revenue*

⁷ Gabriel Zucman, *The Hidden Wealth of Nations: the scourge of tax havens*, <https://www.taxobservatory.eu/publication/european-tax-evasion-in-the-light-of-the-pandora-papers>

⁸ Alstadsæter, A., Johannesen, N., & Zucman, G. (2019). Tax evasion and inequality. *American Economic Review*, 109(6), 2073-2103.

administration through modernised, progressive tax systems and more efficient tax collection, as well as to scale up international tax cooperation; (DEVE A)

~~*Bi. whereas global tax competition has resulted in the tax burden shifting to workers and low-income households, impinged upon developing countries being able to enhance domestic resource mobilisation and forced damaging cutbacks in public services in poor countries; (DEVE B) Voted separately as AM DEVE B (see voting list)*~~

Bi. whereas corporate income tax represents a higher share of tax revenues and gross domestic product in developing countries than in rich countries;⁹ whereas losses due to global corporate taxation in developing countries are estimated to range from 6 to 13 % of total tax revenue, compared with 2 to 3 % in member countries of the Organisation for Economic Co-operation and Development (OECD)¹⁰; (DEVE C)

~~*Bk. whereas in October 2021, the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting agreed on a two-pillar solution to address the tax challenges arising from the digitalisation of the economy; whereas, however, some developing countries expressed concerns about this global corporate tax deal, or even refused to endorse it (for example, Kenya and Nigeria); (DEVE E) Voted separately as AM DEVE E (see voting list)*~~

Bj. whereas according to the ‘Tax Transparency in Africa 2022: Africa Initiative Progress Report’, illicit financial flows (IFFs) are estimated to amount to USD 50-80 billion (EUR 48-77 billion) annually for the continent; (DEVE F)

~~*Bm. whereas in 2019, the Africa Group at the United Nations called for a UN convention on tax as an important tool for tackling IFFs; whereas in February 2021, the High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (the FACTI Panel) also included a proposal for a UN tax convention as a key recommendation in its final report; (DEVE G) Voted separately as AM DEVE G (see voting list)*~~

Bk. whereas the Commission and the Council have not fully followed up on Parliament’s recommendations following the Pandora Papers in its resolution of 21 October 2021 on the Pandora Papers: implications for the efforts to combat money laundering, tax evasion and tax avoidance; (20)

Bl. whereas there have been few European legislative initiatives to tackle in the area of harmful tax practices that attract high net worth individuals or luxury assets, such as yachts, private jets, works of art, etc; (22)

⁹ Corporate tax remains a key revenue source, despite falling rates worldwide

<https://www.oecd.org/tax/corporate-tax-remains-a-key-revenue-source-despite-falling-rates-worldwide.htm>

¹⁰ United Nations Conference on Trade and Development (UNCTAD) report entitled ‘Tackling Illicit Financial Flows for Sustainable Development in Africa’, 2020, p. 21+2, https://unctad.org/system/files/official-document/aldcafrica2020_en.pdf.

COMP Ba

AMs covered: DEVE 2

whereas despite a decade of tax scandals and legislative reforms in the EU, progress at global level to rein in corporate secrecy and offshore tax evasion and avoidance has been insufficient, as shown by the Pandora Papers; stresses that the lack of transparency, including through international information sharing, is a key underlying cause of tax-related IFFs;

COMP C

AMs covered: 23 (Greens), 24 (ECR), 25 (Renew), 26 (EPP), 28 (S&D), 29 (S&D), 31 (S&D), 33 (S&D), 34 (S&D), 36 (Renew), 37 (ECR), 38 (Greens), 39 (Left), DEVE 1, DEVE 4, DEVE 6, DEVE 10, DEVE 14, DEVE 18, LIBE 2, LIBE 3, LIBE 4, LIBE 5, LIBE 6, LIBE 7

AMs falling: 27 (ID), 30 (ID), 35 (EPP)

General considerations

1. ~~Highlights the role of international investigative journalism~~ *Recognises that journalists and whistleblowers have an important role in investigating and exposing tax avoidance and evasion, potential violations of tax law, as well as corruption, organised crime and money laundering; deems it necessary to further protect the confidentiality of the sources of investigative journalism, including whistleblowers;(25, 26, 36) welcomes the uncovering by investigative journalists of a complex system of tax havens, shell corporations and offshore accounts, whose beneficial owners are persons of high public interest;(LIBE 7)*
- 1a. ~~Regrets that the obligation repeatedly falls on journalists and whistleblowers to identify and expose the loopholes in the international tax and money laundering and terrorist financing frameworks; stresses the importance of defending the freedom of journalists report on those issues of public interest without the threat of costly legal action, including when they receive confidential, secret or restricted documents, datasets or other materials, whatever their origin, and to;~~
- 1b. *Welcomes the Commission proposal for a directive on protecting persons who engage in public participation from manifestly unfounded or abusive court proceedings³, also known as the anti-SLAPP directive; recalls the enormous financial and psychological burdens that strategic lawsuits against public participation (SLAPPs) place on the work of journalists and media workers, having a chilling effect and leading to self-censorship; underlines that a strong EU anti-SLAPP directive must include clear provisions on early dismissal mechanisms and effective sanctions, including financial penalties, against initiators of SLAPPs; stresses that an effective anti-SLAPP framework cannot exist in the absence of coordinated complementary measures at national level; calls on the Member States to adopt anti-SLAPP legislation tackling*

domestic lawsuits against public participation; ~~highlights, in this regard, the Commission's recent proposals to tackle abusive lawsuits against journalists and human rights defenders;~~ (28, LIBE 3, LIBE 5)

- 1c. Stresses that investigative journalists and media workers are often subject to intense financial pressure and encounter considerable difficulties in obtaining financial resources for projects investigating tax crime, corruption or organised crime; calls on the Commission to explore further ways to increase the funding available to the media sector, including by establishing a dedicated permanent fund for investigative journalism; (LIBE 6)*
- 1d. ~~draws attention to~~ Highlights the many cases that have recently come to light in which spyware has been used to conduct surveillance on journalists in the EU and points out that these are extremely worrying (24)*
- 1e. ~~Regrets~~ Deplores that journalists like Peter R. de Vries, Daphne Caruana Galizia and Jan Kuciak were murdered in relation to journalistic revelations; (29) highlights the vulnerability to threats and attacks of independent journalists and media workers in the absence of a strong European legislative framework to protect them; welcomes Commission Recommendation 2021/1534 of 16 September 2021 on ensuring the protection, safety and empowerment of journalists and other media professionals in the European Union¹; stresses, nevertheless, that this can only be considered a starting point and calls for urgent action on establishing binding measures to ensure the protection of journalists and media workers across the EU; (LIBE 2)*
- 1f. Notes that Switzerland revised its Federal Act on Banks and Savings Banks on banking secrecy in the framework of adopting the Common Reporting Standard (CRS) for exchanging information on financial accounts; however regrets that such banking secrecy remains for information not falling under the CRS; worries that banking secrecy rules in Switzerland still apply to jurisdictions that are not part of the CRS and to Swiss nationals, including Swiss journalists, and this explains why Swiss journalists were not initially allowed to report about the Pandora Papers or to be part of the investigative consortium; welcomes any future reform of Article 47 of Switzerland's Federal Act on Banks and Savings Bank to safeguard proper freedom of the press; (31)*
- 2. Regrets that 24 Member States failed to transpose and communicate the transposition of the Whistleblower Directive within the deadline; welcomes that the Commission has initiated infringement procedures against at least 19 Member States for failure to transpose the Directive¹¹; (34) points out that the implementation and application of existing rules is crucial; (37) regrets the extended use of non-disclosure agreements (NDAs) for employees in the corporate sector without accurate legal advice; (33) calls on the Member States that have not yet done so to urgently transpose the directive into their national law; calls on the Commission to use all the tools at its disposal to address the non-transposition of this directive by Member States; (38, 39, LIBE 4)*
- 2a. Looks forward to the Commission's report, due to be published in December 2023, on the implementation of the 2019 EU Whistleblowers Directive; calls on the Commission, ~~in that regard,~~ to consult stakeholders, when appropriate, on*

¹¹ https://ec.europa.eu/commission/presscorner/detail/en/inf_22_3768;
https://ec.europa.eu/commission/presscorner/detail/en/inf_22_5402

improvements to make to the directive; (23)

- 2b. Emphasises that IFFs are a matter for global governance; urges the EU to show strong political will and determination against tax avoidance and evasion to protect the single market and in line with the principle of policy coherence for development, as enshrined in Article 208 of the Treaty on the Functioning of the European Union; (DEVE 1)*
- 2c. Emphasises that the practices brought to light by the Pandora Papers revelations have an especially severe impact on the fiscal space and public expenditure in particular in of developing countries and undermine the rule of law and confidence in the global financial system for raising living standards in developing countries around the world; highlights the need to work in global international forums; (DEVE 3)*
- 2d. Highlights the international commitment to significantly reduce IFFs by 2030, as set out in the Addis Ababa Action Agenda and the 2030 Agenda for Sustainable Development; notes that the use of existing official development funds for subsidising private investment can be associated with trade-offs in regard to its effectiveness in implementing the sustainable development goals; notes also that private investment in developing countries shows no sign of growing as necessary; (DEVE 4, DEVE 6)*
- ~~*2f. Emphasises that a step change in the taxation of private and corporate profits and private wealth is essential for increasing fiscal spaces in order to fund sustainable investments and mobilise development funding; (DEVE 15) Voted separately as AM DEVE 15 (see voting list)*~~
- 2e. Notes the several existing international initiatives on the automatic exchange of information for tax compliance purposes, as well as the OECD Common Reporting Standard for automatic reporting of information on the offshore financial accounts of non-residents to their jurisdiction of residence and the work of the OECD's Joint International Taskforce on Shared Intelligence and Collaboration network, in which 19 EU Member States currently participate; (DEVE 10)*
- 2f. Stresses that tax transparency and the exchange of information are essential for stemming IFFs and increasing domestic resource mobilisation, which is of particular importance for achieving the sustainable development goals and the African Union Agenda 2063, especially in the current context, marked by rising debt, the impact of the COVID-19 pandemic and the consequences of the war in Ukraine on African economies; (DEVE 14)*
- 2g. Calls for the EU to support developing countries in combating IFFs and tax evasion by EU companies and multinationals, and to ensure that taxes are paid where real economic value and profits are created in order to stop base erosion and profit-shifting; (DEVE 18)*
- ~~*2j. Stresses that in 2019, the Africa Group at the United Nations called for a UN convention on tax to help tackle IFFs; believes that a universal intergovernmental body under the auspices of the UN with a mandate to deal with all aspects of IFFs could help to include all developing countries in the decision-making process on tax matters and could be an effective tool for fighting tax avoidance, trade mis-invoicing, profit-shifting and all forms of illegal commercial and fiscal activities at global level;*~~

(DEVE 19) Voted separately as AM DEVE 19 (see voting list)

2k. Calls for the EU to support the setting-up of a UN framework convention on tax, with the aim of strengthening international cooperation and governance on tax and trade-related IFFs; highlights the need to introduce transparent and inclusive decision-making where all countries can negotiate as equals. (DEVE 21)

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COMP Ca

AMs covered: DEVE 3, DEVE 8

2d. Recalls that tax avoidance shifts the tax burden from larger businesses to smaller and medium-sized businesses as well as to consumption through personal income tax and value-added tax, which is particularly problematic in least developed countries where small, medium-sized and micro enterprises and informal traders make up the bulk of economic activity and are more vulnerable to significantly reduced income and insecurity; recalls that massive financial losses for developing countries due to tax evasion is one of the main factors that seriously worsen the indebtedness of many of them; (DEVE 3, DEVE 8)

COMP D

AMs covered: 42 (Greens), 43 (EPP), 44 (ECR), 45 (EPP), 46 (S&D), 48 (S&D), 50 (S&D), DEVE 9, LIBE 7, LIBE 12, LIBE 29

- 2h. Deplores that a number of EU high-level decision-makers have been featured in the Pandora Papers and recent media investigations, involving allegations of illegally obtained property, interests in fossil fuel companies or assets in tax havens; Points out, in addition, that the names in the Pandora Papers include political leaders in developing countries that heavily depend on aid from the European Union; (42, 48, DEVE 9, LIBE 7)*
- 2i. ~~Regrets that, according to the unanimity vote required to fight tax evasion and avoidance at the EU level, said individuals or the governments they integrated held the power to veto any EU legislation on those matters; highlights~~ considers that due to the procedure laid down in the Treaty to adopt tax legislation in the EU, high level decision makers accused of wrongdoing may have significantly more leverage in either blocking legislation to counter tax evasion or avoidance or determining the effectiveness of its outcome (48);*
- 2j. Remarks that government ministers and lawmakers have the utmost duty to uphold the law to its fullest extent and act in line with the spirit of the law at all times; points*

out that failing to do so erodes public trust in government, the very fundament of a state; (46) points out that the family members of politically exposed persons (PEPs), including their children, may be involved in fraud and tax evasion cases and are therefore subject to anti-money laundering and anti-terrorist financing legislation; (42, LIBE 7, LIBE 12)

3. Highlights the importance of safeguarding high standards of integrity, honesty and responsibility among public officials in the EU *and in Member States (42) as well as fostering, within that environment, an ethos of service and personal honesty (44); takes note of art. 12 of Regulation No 31 (EEC) which prohibits public officials in the EU from carrying any action or behaviour which might reflect adversely upon their position; (45) recalls the obligation for Members of the European Parliament to disclose any 'financial interests which might influence the performance of the Member's duties; (50, LIBE 29)*
- 3a. Calls on the Member States to ensure that they have measures and systems in place *with enough human and financial resources (42) requiring public officials politically exposed persons to declare any outside relevant (43) activities, employment, investments, assets and substantial gifts or benefits which may give rise to a conflict of interest with respect to their functions as public officials; highlights the importance of having systems in place to report and verify this information and independently assess conflicts of interest when they arise as well as providing dissuasive sanctions for failing to do so comply with disclosure obligations (42, 46);*
- 3b. *Takes note of Article 12 of Regulation No 31 (EEC) which prohibits public officials in the EU from carrying any action or behaviour which might reflect adversely upon their position; (45)*

COMP E

AMs covered: 55 (EPP), 56 (ECR), 57 (Left), 58 (Renew), 59 (ECR), 61 (S&D), 62 (EPP), 63 (Left), 73 (Greens)

AMs falling: 53 (EPP), 54 (Renew), 60 (EPP), 64 (ECR)

Role of intermediaries in facilitating tax evasion and avoidance

4. Points out that, according to research carried out in 2018, the so-called big four major accountancy firms – PwC, EY, Deloitte and KPMG – accounted for 87 % of the global tax advisory market share¹²; *highlights the threats risks that such a de facto oligopoly may pose to the accountancy and advisory market itself and when it comes to the potential and the influence that these firms' lobbyists can wield over tax regulations; (56, 57); calls on the Commission to carry out a study on the tax advisory market to have up to date information on the market share of the major accountancy firms; (55)*

4a. —

¹² [Global tax advisory revenues top \\$20bn](#), *Accountancy Daily*, 28 January 2019.

5. Regrets the fact that, as exposed by the Pandora Papers¹³, PwC, along with other ~~western major accountancy~~ firms had a central role in assisting Russian oligarchs with their investments in the West through their networks of offshore shell companies¹⁴; **highlights that such networks ~~are~~ may be hindering the application of EU sanctions on Russian individuals and that there is a high likelihood that such networks are being used to shield Russian-owned assets from EU sanctions**; (58) regrets the absence of visible investigations into the intermediary sector in the EU following the Pandora Papers and the EU's sanctions on Russian oligarchs; calls on the authorities in the Member States to investigate any wrongdoing by these firms;
- 5a. **Points out that, in view of Russia's aggression against Ukraine and its hybrid actions against EU countries, investigations into the assets and investments of Russian oligarchs should be a top priority as they are strategically important for the EU's security**; (59)
6. ~~Points out~~ **Takes note** that, according to relevant research¹⁵; global professional services firms (GPSFs) possess a capacity as 'career hubs', where 68 % of transfer pricing professionals in multinational corporations had worked in a ~~global professional services firm~~ GPSF before is aware of examples of tax authority officials going on to work in such firms or multinational corporations ~~GPSFs or MNCs~~ immediately after; **calls on the Commission to provide information on revolving doors between professional services firms and the employment of tax authority officials in such firms or multinational corporations**; (62) calls on the Member States **to ensure** ~~regulate the phenomenon of the adoption of~~ revolving doors **regulation**, including cooling-off periods, with regard to officials ~~in~~ of tax administrations, with adequate enforcement mechanisms; (61, 63)
- 6a. **Is concerned about the recent departure of the former OECD tax director to the private sector; calls on the Member States and the Commission to put pressure on the OECD to uphold its own 2010 Recommendation Principles for Transparency and Integrity in Lobbying and introduce clear cooling-off periods and strict policies on revolving door situations; calls on Member States to also uphold these standards on international organisations they are members of, such as the OECD, so as to avoid conflicts of interest and revolving doors**; (73)

COMP F

AMs covered: 65 (EPP), 66 (Left), 67 (S&D), 68 (EPP), 69 (ECR), 70 (Renew), 71 (Greens), 72 (Left), 74 (Renew), 75 (EPP), 76 (EPP), 78 (EPP), 79 (EPP), 80 (Greens), 81 (ECR), 83 (EPP), DEVE 4

AMs falling: 77 (Greens), LIBE 13

¹³ [‘The oligarch’s accountants: How PwC helped a Russia steel baron grow his offshore empire’](#), International Consortium of Investigative Journalists, *Pandora Papers*, 11 April 2022.

¹⁴ [‘How Western Firms Quietly Enabled Russian Oligarchs’](#), *The New York Times*, 9 March 2022.

¹⁵ Christensen, R.C., [‘Transnational Infrastructural Power of Professional Service Firms’](#), *SocArXiv*, 9 September 2022.

7. Calls on the Commission and the Member States to ***further analyse and, where appropriate***, address the ***potential (68)*** conflicts of interest stemming from the provision of legal advice, tax advice and auditing services when advising both corporate clients and public authorities; ***reiterates its*** calls on the Commission to ***consider introducing*** ~~propose~~ measures to clearly separate accountancy firms from financial or tax service providers as well as all advisory services ***as a way to tackle conflicts of interest***; (69, 70)
- 7a. ***Highlights the already existing prohibition for auditors to provide advisory services including tax advice*** ¹⁶ ***to public-interest entities***; ***welcomes the recently announced division of activities of one of the Big 4 major accounting firms into separate audit and advisory businesses, demonstrating that such separation is achievable***¹⁷; (65, 67)
- 7b. ***Highlights the Court of Auditors report which concludes that the use of external consultants by the Commission “gave rise to potential risks of overdependence, competitive advantage, a concentration of suppliers and potential conflicts of interest” and that the “Commission does not sufficiently monitor, manage or mitigate these risks at the corporate level”***¹⁸; ***calls on the Commission to implement all the recommendations from the Court***; ***calls on the Commission to duly assess any risks of conflicts of interest in the process of awarding contracts to private firms and ensure diversified sources of advice***; ~~***takes the view that major accounting companies should not be awarded public contracts by the Commission for tax-related studies and impact assessments, due to risk of conflicts of interest***~~; (66, 71) ***highlights the importance of public authorities having in-house resources and expertise to carry out their functions***;
8. ***Highlights the limitations of self regulation of the non-financial intermediary sector***; (72) ***Welcomes the fact that the Commission is preparing a new legislative proposal (75) initiatives in the field of the regulation of intermediaries through an act securing the activity framework of enablers (SAFE) in order to tackle the role of enablers involved in facilitating tax evasion and aggressive tax planning***; ***urges the Commission to ensure that the framework includes robust enforcement against intermediaries creating and operating schemes which enable tax evasion and aggressive tax planning as well as facilitating and contributing to the concealment of wealth and assets***; ***in that context, urges the Commission to continue to improve information sharing amongst Member State tax administrations and cooperation on the global stage***; (74) ***awaits the Commission proposal without further delay, which should be targeted and proportionate***; (76)
- ~~8a. ***Recommends Takes the view that legal professional privilege should not apply where be added to the list of obliged entities in anti-money laundering legislation where their legal advice from lawyers, including tax advice, is knowingly provided or used by the client for the purposes of money laundering, its predicate offences or terrorist financing***; (77)~~

¹⁶ Article 5 of the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC

¹⁷ <https://www.theguardian.com/business/2022/sep/08/ernst-young-splits-into-separate-audit-and-advisory-businesses>

¹⁸ European Court of Auditors Special Report, “External consultants at the European Commission”

9. **Welcomes Highlights the DAC 8 proposal from the Commission extending the scope of the automatic exchange of advance cross-border rulings in DAC 6 for high net-worth individuals; emphasises that because taxation remains a matter for the Member States, the importance of honest and fair cooperation among national tax authorities to make the system of exchange of information watertight** Calls on the Commission to extend reporting requirements under the sixth Directive on Administrative Cooperation (DAC6)¹⁹ to cross-border arrangements for the management of assets of clients who are natural persons; (78, 79, 80, 81)
- 9a. **Welcomes that with the DAC 6 a mandatory disclosure regime for certain cross-border tax arrangements has already been introduced; notes that more than a full year of reporting is completed; calls on the European Commission to analyse the depth and breadth of the reporting and identify possible shortcomings; calls on the Commission to keep the European Parliament informed about its findings; (83)**
- 9b. **Insists that the tax avoidance ~~industry~~ only benefits the few; takes note of the OECD's observation that base erosion and profit shifting (BEPS) affects all countries and that 'developing countries' higher reliance on corporate income tax means they suffer from BEPS disproportionately²⁰, fuelling domestic inequality; (DEVE 4)**

COMP G

AMs covered: 40 (Greens), 85 (EPP), 86 (ECR), 87 (S&D), 88 (S&D), 90 (S&D), 92 (ECR), 94 (EPP), 95 (Renew), 98 (S&D), 111 (Renew), LIBE 28

AMs falling: 84 (EPP), 89 (Greens)

Harmful practices and competition in non-corporate tax regimes the area of personal income and wealth taxation

10. **~~Highlights~~ Takes note of the fact that, as the Pandora Papers have exposed, schemes to shield the assets of high-net-worth individuals from state authorities through corporate offshore services have become highly sophisticated and ever more common; (85) remarks that revelations showed how wealthy individuals paid little to no taxes by changing their country of tax residency and reallocating capital across borders (88);**
- 10a. **Draws attention to the impact of new technologies (e.g. crypto-assets), which create new challenges in the area of tax avoidance and money laundering, for which new, appropriate and precise regulations may be needed; (86)**
- 10b. **Stresses that base erosion is facilitated by the lack of withholding taxes on outbound dividends, royalties and interest to third countries and the absence of common rules and procedures that ensure an effective taxation of such intra-EU flows; recalls that recent**

¹⁹ Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements, OJ L 139, 5.6.2018, p. 1.

²⁰ BEPS Project Explanatory Statement, page 4, <https://www.oecd-ilibrary.org/docserver/9789264263437-en.pdf?expires=1677755281&id=id&accname=ocid194994&checksum=811ACCCE3426A6CAC2528C8DD73B0628>

research shows drastic differences in the application of withholding taxes in Member States – the rates can vary between 0 % and 35 % – and points to the fact that withholding tax rates in bilateral tax treaties are often lower than the standard rates; calls on the Commission and the Member States to coordinate a withholding tax framework that ensures all dividend, interest and royalties are taxed at least once at an ~~minimum~~-effective ~~tax~~-rate; (87)

10c. Points out that the dividend stripping scandals cum-ex and cum-cum were one of the largest tax fraud scandals in EU history, which cost EU Member states 140 billion euros; stresses that an EU harmonised withholding tax system would help prevent tax fraud, double taxation and double non-taxation; reiterates the need for a common withholding tax system; (90)

*11. Observes, in parallel, a ~~growing~~ (94) trend for countries, ~~and including~~ EU Member States in particular, (95) to adopt legal frameworks designed to attract high-net-worth individuals, foreign pensioners and highly skilled workers to invest or live in their territory, notably granting them generous tax benefits and exemptions which do not apply to nationals, in addition to offering golden visas ~~and selling~~ /sale of citizenship regimes opportunities; *points out that the ~~privileges~~ this kind of regimes may have benefited in this way often relate to Russian oligarchs subsequently subjected to targeted sanctions whose proven or alleged links to the Russian authorities pose a serious danger to individual countries and the EU as a whole;* (92)*

11a. Reiterates its concerns that schemes granting nationality or residency on the basis of a financial investment, also known as ‘golden passports’, are objectionable from an ethical, legal and economic point of view and pose several serious security risks for Union citizens, such as those stemming from money-laundering and corruption; (111, LIBE 28)

11b. Urges the Commission to provide detailed information on the progress made by Member States in repealing or withdrawing the citizenship or residence permits of Russian or Belarusian individuals who have obtained their status through investment; ~~calls for an EU-wide blanket ban on residence by investment schemes ('golden visas');~~ (40)

11c. Is particularly concerned by the seeming short-term increase of US\$14 billion in cross-border deposits held in countries offering citizenship/residence by investment schemes, suggesting the use of these schemes as regulatory arbitrage to circumvent the disclosure mandated under DAC6; (98)

COMP H

AMs covered: 91 (S&D), 93 (Greens), 96 (Greens) 99a (Greens), 100 (Greens), 102 (ECR), 103 (Left), 104 (Left)

AMs falling: 101 (Greens), 112 (ID),

11d. Notes that governments generally use two instruments to attract ~~compete for~~ taxpayers and mobile tax bases in the area of personal income and wealth taxation: (top) tax rates and preferential tax arrangements targeted to income and wealth-rich foreigners; ~~deplores that~~

granting tax advantages to more mobile source of income increases inequality as the non mobile income earners end up paying more taxes than mobile income earners, in proportion; (91)

- ~~11e. Notes that Portugal, Greece, Croatia, Malta, Italy and Cyprus have expressly introduced specific tax regimes designed to attract “digital nomads”;~~²¹
- 11f. ~~Is concerned by~~ Takes note of the increasing number of ~~harmful~~ tax regimes in EU Member States which aim to attract foreign ‘digital nomads’, high net worth individuals or pensioners; notes that some tax regimes present lead to zero tax rates on earned income with significant potential for abuse which erodes the tax bases of other countries; highlights notes that, according to research by the EU Tax Observatory²², ~~Portugal, Greece, Croatia, Malta, Italy and Cyprus all many Member States have specific tax regimes designed to attract digital nomads~~ foreign-earned income or wealth which, according to the researchers, may pose varying degrees of harmfulness; (99)
- 11g. Notes that, according to the Tax Observatory, ~~estimates that this kind of preferential schemes generate a loss of revenue of over EUR 4.5 billion per year for the EU as a whole~~; regrets that some Member States are ending golden visa schemes at the same time that special tax regimes for Digital Nomads foreign-earned income or wealth are being created; (103, 104)
12. Is concerned that there is considerable scope for harmful competition in this field and widening social and economic inequalities, as tax-induced mobility is high among income- and wealth-rich taxpayers ~~and non-mobile income earners end up paying more taxes than mobile income earners, in proportion~~; (91)
- 12a. Without prejudice to the powers of the Commission under the Treaties, calls on the Commission to assess the ~~harmful~~ impact of these tax regimes on the single market and Member States’ revenues, as well as all harmful tax practices distorting competition outside the area of corporate taxation in the EU, ~~including on the taxation of crypto-assets~~; (93, 99, 100, 102, 104)
- 12b. ~~Warns against the~~ Highlights the possible impact of teleworking on the allocation of personal income tax rights and tax residence in the EU; calls on the Commission to take the necessary legislative measures to ensure legal certainty and tax fairness for ~~harmonise or better coordinate the tax residence of individuals~~ cross-border workers and self-employed persons in the EU in this regard ~~and the cross-border implications of personal income tax~~; notes that personal income tax is the biggest source of tax revenue for most EU Member States; (96)

COMP I

AMs covered: 109 (S&D), 110 (Greens), 114 (ECR), 115 (Renew), 116 (EPP), 117 (EPP), 118 (EPP), 119 (EPP), 120 (EPP), 122 (S&D), 123 (Greens), 173 (Greens) LIBE 21

²¹ <https://taxsummaries.pwc.com/>

²² Sarah Godar, Eloi Flamant, Gaspard Richard, *New Forms of Tax Competition in the European Union*, November 2021 <https://www.taxobservatory.eu/wp-content/uploads/2021/11/EU-Tax-Observatory-Report-3-Tax-Competition-November-2021-3.pdf>

13. ~~Calls for the scope of the Code of Conduct Group on Business Taxation to be expanded, in particular to include preferential personal income or capital tax regimes, or personal income and wealth tax regimes that could lead to significant distortions in the single market; considers that this could enable the scope of the Code of Conduct Group to capture regimes aimed at attracting high net worth and high levels of income not created in the Member State proposing the tax regime; ***Calls on the Commission and the Member States to take the lead in the OECD, and in particular in the OECD/G20 Inclusive Framework, in order to create a level playing field and strive towards agreement on minimum level of in taxation of capital gains and to limit harmful tax practices aimed at attracting foreign-earned income, wealth and assets wealthy individuals, digital nomads and luxury assets;*** (110)~~
14. ~~Calls on the governments of the Member States to reverse the trend of curbing the taxes of top earners and proceed with the adoption of net wealth taxes; considers that such taxes should have a tailored scope to fit the asset portfolio of the wealthiest individuals, focusing on property, succession, financial assets and luxury goods above certain thresholds; calls on the Commission to promote initiatives at EU level to coordinate the implementation of such taxes in order to prevent evasion and avoidance in the single market; (114, 115, 116, 117, 118, 119, 120) ***Highlights that, given the single market and freedom of movement of capital within the EU, the disparity of capital gains taxation across the EU²³ might may generate wealth shifting and tax avoidance behaviour across Member States; calls on the Commission to assess the feasibility and economic impact of a minimum tax on capital gains at European level;*** (122, 123)~~
- 14a. ~~***Notes that real estate has been widely misused for money laundering and tax evasion purposes, as revealed by the Pandora Papers; notes, furthermore, that real estate taxation in the EU is not at all coordinated; notes with concern the sharp increase in real estate prices in the EU and the financialisation of housing; is concerned about the potential distortive effect of regimes providing for low-tax real estate investment funds, which are largely based in Luxembourg; calls on the Commission to assess the impact of lack of coordination of bring forward an action plan on how to improve coordination of real estate taxation in the EU, as well as and to assess the impact of low-tax regimes on the financialisation of the housing sector;*** (173) ***Recalls the important role of national digital land registers in strengthening the fight against tax crime across the EU;*** (LIBE 21)~~

COMP J

AMs covered: 41 (Greens), 49 (S&D), 52 (S&D), 124 (S&D), 126 (Greens), 129 (S&D), 132 (S&D), 134 (S&D), 135 (S&D), 136 (S&D), 137 (S&D), 138 (S&D), 149 (Left), 151 (S&D), 154 (Left), DEVE 16, LIBE 1, LIBE 9, LIBE 10, LIBE 11, LIBE 18, LIBE 20, LIBE 22, LIBE 23, LIBE 24, LIBE 25, LIBE 27,

²³ Capital Gains Tax Rates in Europe: <https://taxfoundation.org/capital-gains-tax-rates-in-europe-2022/#:~:text=A%20number%20of%20European%20countries,lowest%20rates%2C%20at%2015%20percent>

Misuse of shell companies and ~~trusts~~ other opaque structures and the fight against tax evasion and avoidance, particularly in the exchange of information with jurisdictions that figure prominently in the Pandora Papers (126)

- 14b.** *Recalls that tax crime is recognised as a predicate offence of money laundering, which is often linked to organised crime, corruption and the financing of terrorism; (LIBE 1) Stresses that the main challenge identified for the application of Directive 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing is the lack of direct applicability of those rules and the fragmentation resulting from diverging national approaches (LIBE 11) Welcomes the proposed Anti-Money Laundering legislative package; stresses the importance of increasing the coordination between national legal frameworks to address loopholes, and the improvement to supervision provided by establishing a European Anti-Money Laundering Authority (AMLA) with adequate resources and competences; (52, LIBE 10)*
- 14c.** *Notes that some jurisdictions, such as the United Kingdom, have in place control mechanisms for unexplained wealth ~~control mechanisms~~ aiming to detect the proceeds of criminal activities; stresses that this mechanism consists of a court order requiring a person who is reasonably suspected of being involved in serious crime, or of being connected to a person involved in it, to explain the nature and extent of their interest in particular property, and to explain how that property was obtained, where there are reasonable grounds to suspect that the respondent's known lawfully obtained income would be insufficient to enable the respondent to obtain the property; invites the Commission to assess the effects and feasibility of such a measure at Union level to enable law enforcement to better investigate the origin of ill-gotten assets and recover the proceeds of crime, while ensuring proportionality and the rights of defendants; (124)*
- 14d.** *~~Deplores~~ Notes the lack of transparency from the Commission and the Members with regard to the progress made in freezing and seizing the assets of sanctioned persons; urges the Member States and the EU authorities to make a genuine effort to recover illicit money; calls on the Commission to publish a list of assets that have been frozen or confiscated following Russia's invasion of Ukraine; (41) welcomes the Commission's 2022 proposal on on asset recovery and confiscation; (LIBE 9, LIBE 27)*
- 14e.** *Calls on the Commission to make full use of the revised methodology for identifying high-risk third countries under Directive (EU) 2015/849 and, after its own thorough assessment, and, where applicable, taking into account FATF assessments, not to hesitate to place on the list of high-risk third countries jurisdictions not being named on the FATF lists; (49, LIBE 25)*
- 14f.** *Stresses the importance of creating or strengthening, both in the Union and globally, tools for authorities to access information on ownership of specific high value assets, in particular luxury goods, and thereby effectively curb efforts to circumvent financial targeted sanctions, and fight money laundering and tax evasion and avoidance; (151, 154)*
- 14g.** *Notes that despite the implementation of European and national legislation ~~on exchange of information and on beneficial ownership transparency~~, as reported by non-governmental*

organisations²⁴, ~~the quality of data exchanged as well as the quality of data in some EU different public registers requires improvements remains low, poor, incomplete or not sufficiently updated~~; urges Member States to dedicate the appropriate resources, including sufficient staff and technology, to process and make full use of the data; calls on the Commission to issue guidance or provide support to Member States and reporting entities to guarantee the quality of data in the registers sent; ~~requests that the Commission provides an overall assessment of the quality of data provided in the context of exchange of information between Member States as well as the quality of data in compulsory public registers~~; (129, LIBE 23)

14h. *Recalls the importance of transparency of beneficial ownership information (BOI) across the world and the EU's leading role in this domain*; stresses that transparency concerning the ownership and control of companies, trusts and other legal entities is critical for combating IFFs; notes that the Pandora Papers identified examples of individuals circumventing BO transparency in Member States; regrets, however, the delay in the setting-up of the Beneficial Ownership Registers Interconnection System (BORIS) in the EU due to technical difficulties; deplors the fact that delays in Member States and the overall lack of coordination in the implementation process are undermining the effectiveness of an functioning interconnection system, and calls on all actors to address this delay as a matter of urgency; highlights that access to adequate, accurate and up-to-date BOI and control of legal persons is a valuable tool in the fight against tax evasion and avoidance; (132, 134, 135, 149, DEVE 16, LIBE 20)

14i. *Welcomes the revision of the Recommendation 24 by the Financial Action Task Force (FATF), which requires countries to prevent the misuse of legal persons for money laundering or terrorist financing*; highlights that henceforth countries should ~~will have to~~ require beneficial ownership information to be held by a public authority or body functioning as beneficial ownership registry or an alternative mechanism as efficient; (136, LIBE 18)

14j. *Stresses that progress in tackling the use of anonymous companies can only be possible if information about beneficial owners is easily and available in a timely manner in all jurisdictions, and if authorities are able to make use of that information and cross-check data for investigative purposes*; (137, LIBE 24)

14k. *Welcomes further that the FATF is conducting a review of Recommendation 25 on the transparency and BOI of legal arrangements*; considers, in this regard, that, similarly to what already is prescribed in EU law, the standard should determine that trusts or other similar legal arrangements be registered, ~~that multi-pronged approach to trust ownership transparency should be required, including a trust register as a required component and that access to BO information on trusts be at least as comprehensive as it is currently determined by EU law~~; (138, LIBE 22)

14l. *Takes note of the CJEU joint ruling C-37/20 and C-601/20 of 22 November 2022 regarding access to beneficial ownership information by the general public as provided under the AMLD5, which the Court deemed invalid to the extent that a except for those who can claim a legitimate interest to access the information does not exist*; calls on the Member States which removed access ~~to not restrict~~ access to BO data to FIUs, competent

²⁴ For example, <https://www.transparency.org/en/news/open-lux-authorities-in-the-dark-over-luxembourg-private-investment-fund-beneficial-owners>; <https://www.transparency.org/en/news/eu-beneficial-ownership-registers-public-access-data-availability-progress-2021>;

authorities and obliged entities as a result of the ruling to reinstate it without delay;

COMP K

AMs covered: 113 (Greens), 128 (S&D), 130 (S&D), 140 (S&D), 141 (S&D), 142 (S&D), 146 (S&D), 147 (Renew), LIBE 8, LIBE 15, LIBE 16, LIBE 17

AMs falling: 143 (ECR), 144 (Left), 145 (Greens), 148 (EPP)

- 14m.** *Reiterates its conclusions regarding the fact that, as exposed by the Pandora Papers, some U.S. states, such as South Dakota, Alaska, Wyoming, Delaware and Nevada, have become hubs of financial and corporate secrecy; regrets the lack of visible progress or political will in these states to enact necessary reforms since the revelations; (130, 140, LIBE 15)*
- 15.** Welcomes the adoption of the first final rule on beneficial ownership reporting under the US Corporate Transparency Act; regrets the lack of political will in the US to share information regarding the financial accounts of non-US citizens; reiterates its call on the US to join the OECD Common Reporting Standard as soon as possible and calls on the *Commission and the Member States to enter into fresh negotiations with the US within the framework of the OECD in order to achieve total reciprocity within an agreed and strengthened CRS framework; (113, 128, LIBE 16, LIBE 17)*
- 15a.** *Recalls that the EU list on non-cooperative jurisdictions assesses whether a jurisdiction has at least a ‘largely compliant’ rating with the CRS according to the Global Forum on Transparency and Exchange of Information for Tax Purposes; calls on the Council to reassess the US in the framework of the EU list, with particular regard to the tax transparency criteria; ~~calls on the Commission to follow suit should any Member State be rated ‘non-compliant’ or ‘partially compliant’ by the Global Forum, notably via infringement procedures if appropriate;~~ (142)*
- 15b.** *~~Regrets that the US Congress has so far failed~~ Calls on the US Congress to pass the bill the *Establishing New Authorities for Businesses Laundering and Enabling Risks to Security Act (ENABLERS)*, which would require the non-financial/ intermediary sector to carry out due diligence obligations on their customers, as recommended by FATF standards; (141)*
- 16.** *Notes that shell companies may be ~~are often~~ misused for aggressive tax planning or tax evasion purposes; welcomes the Commission proposal for a Council directive laying down rules to prevent the misuse of shell entities for tax purposes and amending Directive 2011/16/EU; calls on the Council to swiftly adopt the proposal **taking into account the** ~~one~~ **Parliament has submitted its opinion of the Parliament; underlines that establishing new transparency standards around the misuse of shell entities will help in making sure their abuse can be more easily detected by tax authorities; calls on the Commission and Member States to further promote global regulation on mandatory substance requirements for companies as a tool to prevent tax avoidance; (146, 147, LIBE 8)***

COMP L

AMs covered: 47 (Renew), 82 (Greens), 106 (EPP), 107 (Renew) 131 (S&D), 153 (S&D),

155 (S&D), 156 (S&D), 157 (S&D), 158 (Left), 159 (EPP), 160 (Greens), 161 (EPP), 163 (ECR), 164 (ID), 165 (Renew), 166 (Renew), 167 (EPP), 170 (Greens), 171 (Renew), 172 (EPP), 175 (S&D), 176 (Renew), 179 (Renew), DEVE 5, DEVE 11, DEVE 12, LIBE 14, LIBE 19, LIBE 26

AMs falling: 108 (ECR), 162 (ID), 169 (ECR),

- 16a. Notes with concern that the latest results of the peer review of the Global Forum on the legal implementation of the Standard for Automatic Exchange of Financial Account Information (CRS) and, for the first time, the results of the first reviews of the effectiveness of the practical implementation of CRS indicate that the framework put in place by several ~~not all Member States are fully compliant or on track~~; notes that the following Member States needs improvement in order to be fully consistent with the requirements²⁵; ~~are not delivering the expected results: Belgium, Poland, Latvia, Estonia, Hungary, Malta, France, Romania and Croatia~~; calls on the Commission to take into consideration the results of the peer review in its monitoring of the implementation of the DAC Directives in the Member States closely and to launch infringement procedures where failures to fulfil an obligation under EU law are identified until all Member States are fully compliant; (82)**
17. ~~Is deeply disappointed by the failure of finance ministers to adopt the much-needed reform of the Code of Conduct for Business Taxation on 7 December 2021, after several unsuccessful attempts; condemns Hungary and Estonia, in particular, for blocking the reform; Takes note of the Council agreement on broadening the scope of the Code of Conduct on Business Taxation; highlights that the revision introduces the concept of 'tax features of general application' which will be regarded as harmful if they lead to double non-taxation or the double/multiple use of tax benefits, as requested by the Parliament; calls on the Code of Conduct Group on Business to Taxation to make full use of its revised mandate; (106, 153, 157, 158, 160, 161, 164, 165, 170)~~
- 17a. Welcomes the fact that the EU's listing of non-cooperative tax jurisdictions for tax purposes has enabled better legislation and tax practices in some developing countries through technical cooperation and political dialogue in order to address identified tax issues; (DEVE 5)**
18. Deplores, ~~however in particular~~, the Council's lack of willingness to agree on the forthcoming transparency criterion with regard to ultimate beneficial ownership, **the concealment of which was a common feature in the schemes exposed by the Panama Papers, and was a key contributing factor to the continuation and success of such schemes**; (171, LIBE 19)
- 18a. Reiterates its call on the Council to expand for the scope of the Code of Conduct Group on Business Taxation to be expanded, in particular to include preferential personal income or capital tax regimes, or personal income and wealth tax regimes that are considered harmful could lead to significant distortions in the single market; considers that this could enable the scope of the Code of Conduct Group to capture regimes aimed at attracting high net worth**

²⁵ Member States whose overall determination on the legal framework was deemed "In Place But Needs Improvement" are Belgium, Croatia, Estonia, Hungary, Latvia, Poland. Countries whose overall rating in relation to the effectiveness in practice is deemed as Non-Compliant are: Croatia. Countries whose overall rating in relation to the effectiveness in practice is deemed Partially Compliant are: Estonia, Malta, Romania.
https://www.oecd-ilibrary.org/taxation/peer-review-of-the-automatic-exchange-of-financial-account-information-2022_36e7cded-en

and high levels of income not created in the Member State proposing the tax regime; (107)

- 18b. *Recalls, in addition, the Parliament's ~~motion for~~ resolutions on reforming the EU list of tax havens and on reforming the EU policy on harmful tax practices (including the reform of the Code of Conduct Group); calls on the Council to relaunch discussions on comprehensive reform of the Code and to implement the Parliament's recommendations EU and Member States to respond to and implement the requests of these resolutions in any future review of the Code of conduct on Business Taxation; points out that notably to address the fact that several individual Member States have more comprehensive blacklists than the EU, which indicates that a more robust criteria could be applied at EU level ~~and calls upon the Commission to reassess countries that appear on a national but not on the EU list and to provide a reasoned explanation for the absence of these countries~~; (131, 155, 159, 163, 166, 167, 172, 179, DEVE 11, DEVE 12, LIBE 14, LIBE 26)*
- 18c. *Calls on the Council in particular to include the automatic listing of third country jurisdictions with a 0 % corporate tax rate or with no taxes on companies' profits or individuals as a standalone criterion; notes with concern that third countries may repeal non-compliant tax regimes but substitute them with new ones that are potentially harmful to the EU; (156, 170)*
- 18d. *Regrets the lack of democratic accountability in the process of elaboration of the "EU list of non-cooperative jurisdictions for tax purposes"; recalls the fact that the Council seems to be guided sometimes by ~~applies~~ diplomatic or political reasons rather than objective assessments ~~criteria, not related to the control of tax havens, when moving when deciding to move countries from the "grey list" to the "black list" to the~~ and vice-versa; stresses that this ~~which~~ undermines the credibility, the predictability and the usefulness of the lists; calls for a ~~greater role of the Parliament to be consulted in the preparation of the list and for an extensive revision of the screening criteria~~; (175)*
- 18e. *Stresses that the Pandora Papers are a further reminder of the need to make the EU list of non-cooperative jurisdictions more effective so that it not only serves as an instrument to help EU entities and authorities to identify risky entities and take precautionary measures, but also to actively encourage and cooperate with countries to make reforms to comply with international tax standards; (176)*
- ~~18f. Stresses that, while listing needs to occur and defensive measures need to be applied without hesitation where appropriate, the EU needs to engage in more systemic, transparent cooperation and consultation procedures with developing countries that do not have appropriate tax practices before applying any coercive measures, especially with regard to ensuring that knowledge and capacity-building opportunities have been previously provided to the authorities of those countries; (DEVE 7) Voted separately as AM DEVE 7 (see voting list)~~
- 18f. *Welcomes the OECD / G20 agreement from October 2021 on the reform of the international corporate tax rules; points out that Pillar II of the agreement, once implemented, will introduce a global minimum effective corporate tax rate of 15% applicable to companies with a yearly revenue above EUR 750 million which should help reduce the use of tax havens globally; ~~reiterates its call on the Council to swiftly adopt the Pillar II Directive to ensure the agreement is effective by January 2023~~; highlights the importance of applying the 15% effective tax rate as agreed in the OECD/G20 Inclusive Framework at the EU level; (47, 177)*

~~18h. Recalls that the upcoming global corporate minimum tax will define a fixed baseline for corporate taxation, thereby combating corporate tax avoidance; welcomes the progress made and encourages efforts to build on it; calls for the resulting fiscal capacities to be used to build more resilient, sustainable and equal societies; (DEVE 13) Voted separately as AM DEVE 13 (see voting list)~~

COMP M

AMs covered: 32 (ID), 51 (S&D), 97 (Left), ~~121 (Left)~~, 125 (Greens), 150 (S&D), 152 (S&D), 168 (EPP), 177 (EPP), 183 (Renew), DEVE 20

AMs falling: 174 (ID), 178 (ID), 180 (ID), 181 (ID), 182 (ID)

- ~~18g. Points out that several Member States have kept preferential corporate tax systems such as the Irish 'single Malt' and the Maltese rebate system which may have led lead to billions of losses in tax revenue for other Member States; calls for more transparency concerning preferential tax systems as well as more tax solidarity among EU Member States; (150) notes, moreover, that still a few disproportionate inflows and outflows of foreign direct investment and passive income go through some Member States, and that these flows reflect at least partly phantom investment, as stated by the as concluded by IMF researchers²⁶ as the IMF calls this, that might be intended to avoid taxation and possibly launder money; Notes that this is harmful tax competition and brings distortion to the internal market.~~
- 18h. Calls on the Commission to continue to monitor Member States which enable aggressive tax planning, report to the European Parliament on the issue and to continue to come forward with country specific recommendations to fight aggressive tax planning and to exert pressure on these Member States to implement the reforms; ~~takes the view that this holds a fortiori for the Member States that the European Parliament has classified as tax havens in the past in particular the Netherlands, Ireland, Luxemburg, Malta and Cyprus;~~ (121, 152)
- 18i. ~~Recalls that Article 116 TFEU can be used to combat harmful tax practices that distort competition in the EU through the ordinary legislative procedure~~ Insists that in order to carry out the future legislative reforms of tax policy necessary to effectively address the issues highlighted in the Pandora Papers, the Commission should explore all possibilities offered by the Treaty on the Functioning of the European Union to make decision-making more efficient; (51, 125)
- ~~18l. Is of the opinion that as part of the continuing discussion for the future of Europe the EU competences on taxation issues related to tax evasion and avoidance should be substantially strengthened; calls on the Council to move towards the use of qualified majority voting in certain tax matters concerning tax evasion and avoidance Stresses that, for the long term, Member States should consider the added value of transitioning to qualified majority voting, as recommended by the Conference on the Future of Europe;~~ (51, 168)

²⁶ The Rise of Phantom Investments, <https://www.imf.org/en/Publications/fandd/issues/2019/09/the-rise-of-phantom-FDI-in-tax-havens-damgaard>

18. *Stresses that while-international cooperation is essential to put an end to tax avoidance and vital for achieving fair and effective domestic tax systems, ~~evasion and vital for achieving fair and effective domestic tax systems~~; Member States must be able to take ~~strong unilateral measures of their own to stop it~~ should be able to take to protect their tax base within the boundaries of their tax sovereignty and EU law, such as notably non-deductibility or limited deductibility of costs (interests, royalties and services payments), withholding measures, limitation of participation exemption or special documentation requirements; (32, 97, DEVE 20)*

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19. Instructs its President to forward this resolution to the *Member State governments and parliaments, the Council, the Commission, the US Congress, the OECD and the Financial Action Task Force. (183)*