



## Fair Taxation: The Commission sets out next steps to increase tax transparency and tackle tax abuse

Strasbourg, 5 July 2016

**The Commission has today set out the next steps in its campaign to boost tax transparency in order to fight tax evasion and avoidance in the EU, taking into account the problems highlighted in the recent media leaks known as the Panama Papers.**

These revelations exposed how secret companies and accounts can be used to hide income and assets offshore, often for tax evasion and other illicit purposes. Important progress has already been made at EU level to tackle such practices, including new rules to block [artificial tax arrangements](#) and [transparency requirements for financial accounts](#), [tax rulings](#) and [multinationals' activities](#). However, there are still gaps in the tax framework that need to be addressed in order to prevent tax abuse and illicit financial flows.

In parallel to today's proposal to amend the Fourth Anti-Money Laundering Directive, the Commission is also presenting a Communication setting out priorities for our work towards fairer, more transparent and more effective taxation.

Vice-President Valdis **Dombrovskis**, responsible for the Euro and Social Dialogue, said: *"Tax avoidance can cost the public purse many millions of euros each year. Understandably, people and businesses want tax to be fairer and more effective. To do so, we are working together at European level to make the system more transparent, making it difficult for potential tax evaders to move profits elsewhere. The Panama Papers scandal helped to focus minds and speed up this work."*

Pierre **Moscovici**, Commissioner for Economic and Financial Affairs, Taxation and Customs, said: *"The recent leaks exposed loopholes that still allow tax evaders to hide funds offshore. These loopholes must be closed and our measures to stamp out tax abuse must be intensified. The Commission is determined to inject more openness and more trust into taxation. We have already come a long way and now is the time to go further. The EU's tax transparency campaign continues."*

Key actions include:

**Providing tax authorities with the information they need:** In order to spot tax evaders, tax authorities must know the ultimate beneficiary behind every company, trust and fund. However, this information is not always currently available to Member States' tax authorities throughout the EU. The Commission has today proposed that tax authorities should have access to national anti-money laundering information, particularly beneficial ownership and due diligence information. This legislative proposal takes the form of an amendment to the Directive on Administrative Cooperation in the field of taxation.

**Extending the information available to authorities:** The Commission has proposed that existing, as well as new, accounts should be subject to due diligence controls. This will prevent accounts that are potentially used for illicit activities from escaping detection. Passive companies and trusts, such as those highlighted in the Panama Papers, will also be subject to greater scrutiny and tighter rules. These proposed amendments to the Anti Money Laundering Directive should be adopted by the European Parliament and the Council under the ordinary legislative procedure.

**Increasing cross-border transparency on beneficial ownership:** Given the international nature of tax evasion and avoidance, tax transparency must also extend across borders. The Commission will examine how Member States could automatically exchange their national information on beneficial owners of companies and trusts with a potential tax impact.

**Improving oversight of tax advisors' activities:** It is now clear that certain tax advisors and financial intermediaries have played a central role in facilitating tax evasion. The Commission will examine how to shed more light on tax advisors' activities and create effective disincentives for those that promote and enable aggressive tax planning.

**Promoting tax good governance worldwide and tackling uncooperative tax jurisdictions:** The EU has a number of tools at its disposal to promote tax good governance worldwide, such as agreements with third countries and development assistance. Member States have already endorsed the idea of establishing an EU list of third countries that do not respect tax good governance standards,

as set out by the Commission in its [External Strategy for Effective Taxation](#). The preparatory work on this list is expected to have a strong dissuasive effect on third countries that actively encourage abusive tax practices or refuse to respect international good governance standards. The Commission is now working with the Council's Code of Conduct Group to identify the most relevant countries to screen under this process, in order to have a first EU list ready in 2017.

**Protecting whistle-blowers:** Many cases of tax evasion and avoidance have recently come to light thanks to the actions of whistle-blowers. The European Parliament and other civil society groups have called for stronger measures to protect those that expose such wrong-doing in the public interest. Current EU law contains protection of whistle-blowers in sectorial legislation, for example on market abuse. The Commission will assess the need for horizontal or additional sectorial measures in order to increase the protection of whistle-blowers.

### **Next Steps**

The proposal for access to information for tax authorities (an amendment to the Directive on Administrative Cooperation for Taxation) will be submitted to the European Parliament for consultation and to the Council for adoption. The proposed amendments to the Anti Money Laundering Directive should be adopted by the European Parliament and the Council as co-legislators. The Commission will take forward the measures set out in the Communication over the coming months and will determine the most appropriate EU level action to take on each of them.

### **For more information, see:**

[Communication](#) of further measures to enhance transparency and the fight against tax evasion and tax avoidance

[Text of the proposed amendment to the Directive on Administrative Cooperation](#)

[Q&A](#) on today's Communication

More [information](#) on tax transparency

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