



Panama Papers: it is high time to close all loopholes **Declaration adopted by the PES Presidency on 22nd of April 2016**

As Party of European Socialists, we have consistently called for fair taxation and have held the fight against tax fraud and evasion at the top of our political agenda. We spearheaded the campaign on the Financial Transaction Tax (FTT) to make the financial sector pay its fair share. In 2013, in close cooperation with the S&D Group we launched the 'No Tax Havens' campaign. Every year 1 trillion euros is lost due to tax fraud and tax evasion. Every euro that remains hidden in the secret accounts of the tax evader is a euro that is stolen from schools, from hospitals, from social welfare systems.

The second massive leak of documents by the International Consortium of Investigative Journalists (ICIJ) and the LUXleaks involving sweetheart deals with multinationals are yet another reminder that our calls to close loopholes, fight tax fraud, tax evasion, and tax havens are urgent. We call on all political forces to join us in this fight. The "Panama Papers" leak, concerning an astounding 214.000 offshore entities connected to people in more than 200 countries and territories must serve as a strong wakeup call to all. Full light must be shed on this case, notably through the enquiry committee set up in the European Parliament.

Transparent business practices and intensified automatic exchange of information of tax deals between countries and companies have to become a norm that applies everywhere and to everyone. **To promote fiscal justice and put an end to tax fraud, tax evasion, aggressive tax planning, money laundering, and to close down tax havens we propose 12 concrete actions:**

1. Create binding multilateral tax agreement for the automatic exchange of tax related information within EU and between the EU Member States and all non-EU countries which have committed to the OECD common reporting standards (CRS). Countries not willing to participate should be subjected to severe sanctions. EU Member States Tax Authorities should provide publically and automatically financial account information including tax rulings, patent box schemes, and transfer pricing arrangements, granted by Member States, without due delay.
2. Impose a reporting obligation on all financial institutions which have access to the European market concerning all accounts in third countries not willing to participate in this automatic exchange of tax related information.
3. Establish a central public registry of all legal entities, trusts and foundations in the EU, and their ultimate beneficial ownership for strengthening tax transparency. Building on this, work for the establishment of a global registry.
4. Moreover, speed the implementation of the Common Consolidated Corporate Tax Base (CCCTB), in full respect of the subsidiarity principle, to mainstream and simplify the methodology of computing taxable income and prevent profit shifting. This measure is a step further to prevent a fiscal race to the bottom in the EU.
5. Require intensified public country by country reporting for multinational corporations with presence in Europe for all countries in which they operate, in order to effectively put an end to tax optimization and transfer pricing, as strongly supported by Commissioner Pierre



Moscovici. Revenue must be declared where it is generated – this should become the new global standard practice.

6. Strengthen the sanctions for non-compliance on anti-money laundering regulations and reporting obligations.
7. Develop stronger sanctions for banks, legal entities and individuals that assist in tax fraud, these could include the temporary suspension or lifting of operating licenses as well as the freezing of accounts and assets. Companies should be held criminally liable if they knowingly fail to stop their employees from facilitating tax evasion. Moreover, promote corporate social responsibility policies to prevent conflict of interest between services provided to the public and private sector. Whistle-blowers exposing illegal or unethical activities must be offered full protection.
8. Welcome the effort of the Commission to establish a non-cooperative jurisdiction list of countries and call for further action to be taken and adopt a clear definition of tax havens and create a permanent public European black list of tax havens.
9. Make the OECD Base Erosion Profit Shifting (BEPS) Guidelines on tax challenges and tax standards that have already been agreed by OECD countries and G20 the minimum requirements for a new Global norm and enhance the mandate of OECD to impose non-exclusive sanctions.
10. Call on all countries that sign Tax Agreements , to include the automatic exchange clause in line with the OECD's common reporting standards (CRS), aiming at increasing transparency and standardization of tax agreements.
11. Encourage the OECD to review its Convention on Mutual Administrative Assistance in Tax Matters with the aim to facilitate the creation of an international tax coordinating body.
12. Call for a global summit, in which the EU must play a decisive role, to strengthen the fight against tax fraud and tax evasion at global level.

Tax evasion, tax fraud and tax havens do not only perpetuate the effects of the economic and financial crisis, they undermine the promotion of fair redistributive societies. It is ultimately a matter of social justice. Tax evasion and tax fraud deprive society of the collective means to invest for growth, jobs, and social fairness. They undermine recovery at a critical time of economic crisis and alarming unemployment levels. It is furthermore a question of global justice, since tax evasion and tax avoidance disproportionately affects developing countries and undermines their capacity for state building and economic development. This is a fight that must be carried out at a global level in close cooperation with international organisations and in particular the OECD. This is a fight that Europe must spearhead, and lead by example. As Party of European Socialists, we will continue and step up our efforts to see it through.

