Resolution on the call for concrete ways to combat tax fraud and tax evasion

2012/2599(RSP) - 19/04/2012 - Text adopted by Parliament, single reading

The European Parliament adopted by 538 votes 73 with 32 abstentions a resolution on the call for concrete ways to combat tax fraud and tax evasion.

The resolution was tabled by the EPP, S&D, ALDE, Greens/EFA and GUE/NGL groups.

Noting that tax evasion and tax avoidance cost the governments of the EU Member States a significant amount of uncollected revenues thereby raising deficit levels of Member States, Parliament welcomes the conclusions of the European Council meeting of 1 and 2 March calling on Member States to review their tax systems with the aim of making them more effective and efficient. The aim should be to remove unjustified exemptions, broaden the tax base, shift taxes away from labour, improve the efficiency of tax collection and tackle tax evasion, to rapidly intensify the fight against tax fraud and tax evasion, including in relation to third countries, and to report by June 2012.

Members call on the Commission rapidly to address the issues raised by the review of the EU Savings Taxation (2003/48/EC) Directive and to **find a swift agreement with Switzerland and the Member States concerned.** They highlight the need to generalise automatic information exchange and to extend the scope of the Savings Taxation Directive in order to effectively end banking secrecy.

With regard to **bilateral arrangements**, Parliament notes that Member States should generally avoid engaging in bilateral negotiations with non-EU countries and should, if they nevertheless consider it necessary to conclude any such bilateral agreements, inform the Commission immediately in order to avoid any infringement of EU legislation. It call on Member States to review bilateral agreements currently in force between Member States and bilateral agreements between Member States and third countries, insofar as they contribute to tax avoidance and complicate effective source taxation in certain Member States. The Commission is asked to **report on the possibility of EU coordination in changing bilateral agreements between Member States** with a view to bringing them into line with the objectives of the European Council, thus making tax avoidance more difficult.

Members go on to welcome proposals made by the Commission on country-by-country reporting within the Accounting and Transparency Directives. They recall that country-by-country reporting requirements for cross-border companies are essential for detecting corporate tax avoidance. They call on the Commission to:

- review the Parent-Subsidiary Directive (Directive 2003/123/EC) and the Interests and Royalties Directive 92003/49/EC) in order to eliminate evasion via hybrid financial instruments in the EU;
- identify areas in which improvements to both EU legislation and administrative cooperation between Member States can be implemented in order to reduce tax fraud.

Member States, in turn, are asked to:

- ensure smooth cooperation and coordination between their tax systems in order to avoid unintended non-taxation and tax avoidance and fraud;
- allocate adequate resources to the national services that are empowered to combat tax fraud;

- take measures to prevent infringements of national law and regulations, in particular in the field of taxation; notes that this is of particular importance as regards Member States experiencing, or threatened with, serious difficulties with respect to their financial stability in the euro area;

Parliament recalls its request for **increased transparency and tighter control to prevent the use of tax havens,** which are foreign non-cooperative jurisdictions characterised in particular by no or nominal taxes, a lack of effective exchange of information with foreign tax authorities and a lack of transparency in legislative, legal or administrative provisions, or identified as such by the Organisation for Economic Cooperation and Development or the Financial Action Task Force.

Lastly, Parliament reiterates the need to keep the focus on the key role that the Common Consolidated Corporate Tax Base can play against tax fraud.