ICRICT

Independent Commission for the Reform of International Corporate Taxation

PRESS RELEASE

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ICRICT: "The OpenLux scandal shows again it is time for the European Union to close down its own tax havens"

It is once again thanks to a group of courageous journalists that the OpenLux scandal shows how, in the very heart of Europe, at least 279 of the 2,000 global billionaires listed by Forbes magazine, and large corporations continue to use tax havens to avoid paying their fair share of taxes.

The revelations underline that despite undeniable progress in terms of transparency, there is still considerable work to be done in the fight against tax avoidance and evasion, particularly within the European Union, which is happy to denounce harmful tax practices in third countries **but not to recognize that several of its member states are tax havens**. The latter take advantage of lax regulations, weak transparency standards and the lack of political will within Europe to facilitate tax avoidance and evasion of billionaires and even some large multinationals.

By continuing to tolerate this behavior, the EU accepts that most member states **see their tax revenues siphoned off by these unscrupulous European jurisdictions which facilitate aggressive tax planning** (Belgium, Cyprus, Hungary, Ireland, Luxembourg, Malta and The Netherlands). Every year, for example, in addition to Luxembourg, which is pinned by these new revelations, the Netherlands is responsible for $10bn of corporate tax revenue losses for its EU neighbours according to research by Tax Justice Network.

Already scandalous before, this situation is simply intolerable at a time when the world is being ravaged by the coronavirus epidemic. Public services everywhere are struggling to cope with the emergency, whilst every year, States lose more than 427 billion US dollars to tax havens. It is equivalent to nearly 34 million nurses annual salaries every year – or one nurse's annual salary every second.

The global pandemic has led to major structural increases in public expenditure to support health, incomes and employment**. It is imperative that this bill, as well as that implied by the economic stimulus programs, does not once again fall on most vulnerable people and disadvantaged countries.**

ICRICT calls on the European Union as well as other countries and global multilateral institutions, to seize this unique opportunity **to impose effective transparency within its**

borders in order to put a real end to tax competition and to give back to the States precious and necessary resources to finance a fair and sustainable economic recovery.

It is time to make multinationals' tax affairs more transparent by introducing **Public Country by Country Reporting** to show the revenue, profits, taxes paid in each of the countries where the multinationals operate.

The EU should also put an end to harmful tax competition which has led to a race to the bottom in corporate tax rates by introducing a **global effective minimum tax on corporate profits of at least 25%.**

Finally, the EU should work towards the creation of an **EU wealth asset register**, to record and make more transparent beneficial ownership of assets across each of its member states.

Quotes of ICRICT commissioners (please feel free to use them):

José Antonio Ocampo, Professor at Columbia University and ICRICT Chair:

"The OpenLux scandal shows again it is time for the European Union to double-up its efforts in transparency and fight against tax avoidance and evasion. A 25% global effective minimum corporate tax, public country by country reporting of multinationals and a European Union wealth asset register would ensure the wealthiest in our society contribute their fair share to rebuild societies and economies that are not only more prosperous and resilient, but also more equitable".

Eva Joly, ex-Member of the European Parliament, ICRICT commissioner:
"The OpenLux revelations point out that the only real problem is the lack of political will within the European Union. The texts that would allow multinationals to pay their fair share of taxes are ready, including for their digital activities: this is the CCCTB (Common Consolidated Corporate Tax Base).
The time has come for Ursula von Leiden to use Article 116 of the Treaty to circumvent the unanimity rule and finally impose fair taxation on transnational corporations. In the same way, the fight against money laundering must be reinforced with exemplary sanctions"

Read our latest report, "The global pandemic, sustainable economic recovery and international taxation".

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ABOUT ICRICT:

The Independent Commission for the Reform of International Corporate Taxation (ICRICT) aims to promote the international corporate tax reform debate through a wider and more inclusive discussion of international tax rules than is possible through any other existing forum; to consider reforms from a perspective of public interest rather than national advantage; and to seek fair, effective and sustainable tax solutions for development.