

Mr Herman Van Rompuy  
President of the European Council  
European Council  
Rue de la Loi 175 - B-1048 Brussels

Brussels, 13<sup>th</sup> of May 2013

Dear Mr Van Rompuy,

As a broad coalition working on tax justice and the fight against tax evasion and tax avoidance both in developed and developing countries, we are pleased to hear that you have put this subject on the agenda of the next EU leaders Summit on 22<sup>nd</sup> of May. **We urge EU leaders to take this opportunity to agree on concrete measures including multilateral automatic information exchange; disclosure of beneficial owners through public registries; combined and country-by-country reporting for transnational corporations in all sectors; and a common binding definition of tax havens and effective non-compliance sanctions.**

**Around one trillion Euros are lost to tax evasion and avoidance every year in the EU.** Not only is this a scandalous loss of much-needed revenue, it is also a threat to fair and transparent taxation rules and to the availability and quality of public services we all need. Tax havens and harmful tax practices are detrimental to both developed and developing countries not only by depriving them of much needed revenues but also by undermining good governance, institutional development and democratic accountability between governments and citizens. Additionally, austerity measures have worsened the situation in Europe by cutting around 50,000 jobs in tax administrations between 2007 and 2011 thereby undermining Member States' good intentions to tackle tax fraud.

**The large amount of cross-border tax fraud and avoidance demands, as the European Commission states, "a strong and cohesive EU stance."** Member States' unilateral measures against tax evasion will not be enough in a globalized economy and coordinated action at an EU level – as an initial step - is urgently needed. The EU has an important role to play in the fight against tax evasion and avoidance alongside the OECD, since it can adopt legislation for all 27 Member States. Moreover, the EU is a lead player in providing assistance to developing countries to strengthen their tax systems and help them fight tax fraud.

**A first but essential step to help clamp down on the global system of tax havens (i.e. jurisdictions offering low or no tax requirements to non-residents and harmful tax regimes – such as conduit jurisdictions facilitating untaxed funds) is to agree on common criteria to identify tax havens, as proposed by the European Commission<sup>1</sup>.** Unlike previous failed attempts, these criteria must be binding and comprehensive, combining as a minimum, features of secrecy of banks and legal entities, non-cooperation and harmful tax measures such as:

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<sup>1</sup> C(2012) 8805 final

- *Fiscal advantages accorded to non-resident individuals or legal entities only, without requiring that substantial economic activity be made in the country or dependency;*
- *Significantly lower effective level of taxation, including zero taxation for natural or legal persons;*
- *Laws or administrative practices that prevent the automatic exchange of information for tax purposes with other governments;*
- *Legislative, legal or administrative provisions that allow the non-disclosure of the corporate structure of legal entities (including trusts, charities, foundations etc.) or the ownership of assets or rights.*

**To be effective, EU leaders should publish a European blacklist of any non-cooperative jurisdictions** based on the objective use of these criteria. This list will identify non-cooperative jurisdictions and will ensure greater coordination of sanctions. Non-cooperative jurisdictions should face automatic counter measures applied by all Member States. Sanctions should also apply to companies that do not comply with the EU tax standards. They may include being banned from accessing state or EC aid and public procurement, as called for by the European Economic and Social Committee.

NGOs, trade unions and other civil society actors have campaigned for years for better and fairer international tax rules. European tax payers, facing the economic crisis and austerity measures demand concrete actions against tax havens. **The European Union should lead the world on fair and full tax compliance and achieve concrete binding results behind declarations.**

Sincerely,

#### **ORGANISATIONS**

ActionAid International

ADEPTTs – Czech Republic

Alliance Sud, the Swiss Coalition of Development Organisations - Switzerland

APRODEV

Association for Accountancy & Business Affairs - UK

Attac Vlaanderen - Belgium

Attac Sweden – Sweden

Centre national de coopération au développement, CNCD-11.11.11 – Belgium

Christian Aid

CONCORD Denmark – Denmark

Global Progressive Forum

EDUCON – Czech Republic

European Network on Debt and Development, Eurodad

European Federation of Public Service Unions, EPSU

Forum Syd – Sweden

IBIS – Denmark

InspirAction – Spain

Kairos Europe - Belgium

Kepa - Finland

Methodist Tax Justice Network - UK

Oikos – Cooperação e Desenvolvimento – Portugal

Oxfam International  
Platforma MVRO – Slovakia  
Public and Commercial Services Union - UK  
Tax Justice Network  
Tax Research UK - UK  
Transparency International Deutschland e.V - Germany  
World Economy, Ecology & Development – WEED – Germany

**INDIVIDUALS**

Mr Noel Hodson - UK  
Dr. Richard Parncutt – Austria  
Peter Sundgren - Sweden  
PD Dr. Ulrich Thielemann – Germany  
Carol Wilcox, Christchurch – UK