

European Parliament votes to tackle tax fraud

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As [I noted yesterday](#), there was a plenary debate on tax evasion in the European Parliament yesterday, based partly on my work on the subject for the Socialist grouping in the parliament (of which Labour is a part).

The [report on the debate today is as follows:](#)

Tax systems should be made more effective and efficient and backed by better collection and more intensive efforts to combat tax fraud and evasion, say MEPs in a resolution adopted on Thursday by 538 votes in favour to 73 against and 32 abstentions.

Parliament urges EU Member States to overhaul their tax systems to make them more efficient, remove unjustified exemptions and broaden the tax base so as to shift taxes away from labour. Member states should focus on tax collection and tackling tax evasion, it adds.

Information exchange

Member States should make more use of information exchange tools at EU level, including automatic information exchange, the resolution says. It also welcomes the Commission proposal on country-to-country reporting and calls on the Commission to identify areas for improvement in both EU legislation and administrative cooperation.

The Member States concerned will need to agree with Switzerland on plans to revise the EU Savings Directive in order to end banking secrecy, it adds.

Tackling tax evasion

To prevent unintended non-taxation, tax evasion and fraud, Member States should ensure that their tax authorities cooperate with each other and give them adequate resources to combat fraud, says the text, which also calls for tight controls to prevent the use of tax havens and measures to defend Member States against uncooperative jurisdictions.

Reviewing the legislation

EU legal measures that will have to be reviewed in order to eliminate tax evasion include the Savings Directive, Parent-Subsidiary Directive and the Royalties Directive, says the resolution, which also stresses the key role that a Common Consolidated Corporate Tax Base could play against tax fraud.

It is a welcome further step in the right direction on a number of fronts.