It really is time for the EU to tackle tax dodging

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The following letter, to which I am a signatory, [is in the Guardian this morning](#):

One year ago, the LuxLeaks scandal revealed publicly the content of tax rulings issued by Luxembourg to more than 340 multinationals between 2002 and 2010. These secret deals from Luxembourg allowed many of these companies to slash their global tax bills. Some firms enjoyed effective tax rates of less than 1%.

This was further proof that European countries are competing with each other by offering a variety of creative tax measures, thus depriving other countries of important parts of their due tax revenues — and lowering total tax revenues across the whole of Europe. This is money that countries could have used for public services, healthcare or schools.

One year has passed and still no ambitious measures at European level have been agreed upon. Across Europe, governments are failing their citizens, who suffer from weaker public services and higher taxes on labour, consumption and income, and their SMEs, which cannot, like many multinationals, hire expensive tax firms and artificially design their businesses in order to lower their tax rates and, as a consequence, face unfair competition.

Strong and effective action is urgently needed; business as usual is not an option. The European Union should ensure that multinationals pay their taxes where they make their profits. We strongly advocate for ambitious reforms to clamp down on tax fraud, close legal loopholes, effectively sanction tax havens, fight corruption and money-laundering, and improve transparency and cross-border cooperation.

Specifically, we call on EU member states and the European commission to support the obligation for public country-by-country reporting. This measure would oblige listed companies to make public their activities and the taxes they pay in each country in which they operate, in order to allow tax authorities, investors and all stakeholders to properly assess their activities and tax strategies and to take action in case of inappropriate or illicit corporate behaviour. Such transparency requirements would not entail any negative consequence for companies’ competitiveness, as highlighted in the results of the European commission’s impact assessment of public country-by-country reporting for large financial institutions.

A year after the scandal of LuxLeaks, European citizens and responsible businesses cannot wait any longer for meaningful action. It is high time for member states to learn the lessons of LuxLeaks, finally put an end to multinationals’ tax-dodging, and start working towards a fair system of company taxation. This is an essential precondition for finally reigniting economic growth in the EU for the benefit of both citizens and companies. The stakes could not be higher.

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