



**Dear Prime Minister Helle Thorning-Schmidt,**

cc: Holger K. Nielsen, Minister for Taxation, Margrethe Vestager, Minister for Economics and the Interior, and Christian Friis Bach, Minister for Development Cooperation.

Concord Denmark writes to you ahead of the EU Heads of State summit 22 May. We are pleased to see that the fight against tax havens and tax fraud is on top of the summits agenda. Having witnessed strong statements from a wide range of EU leaders we have high expectations that the Council will deliver clear commitments and actions that will help put an end to harmful tax practices. **We urge EU leaders to take this opportunity to agree on concrete measures, including; 1) Multilateral automatic information exchange; 2) Disclosure of beneficial owners through public registries<sup>1</sup>; 3) Country-by-country reporting for transnational corporations in all sectors; and 4) A common binding definition of tax havens and effective non-compliance sanctions.**

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. Combined, the above measures will significantly help reduce the **one trillion Euros lost to tax evasion and avoidance every year in the EU**. Not least will it be of help and justice to **developing countries who lose much more than they receive in aid, much of this is a result of actions and facilitation by companies, individuals and jurisdictions in or associated with the EU**.

**We find the recently strong statements against tax havens, evasion and avoidance made by EU political leaders extremely promising, including:**

*“As Danish Minister for Taxation I am ready to dig deep into the toolbox to find instruments to fight tax havens. One of these instruments can be the elaboration of black lists. These lists would give the countries exposed as tax havens a strong incentive to change their tax policies. In this manner black listing of tax havens can be an efficient instrument, if it happens jointly in the EU, because it is jointly – not as individual countries – we can and should put pressure on tax havens.”<sup>2</sup> Holger K. Nielsen, Danish Minister for Taxation.*

*“We think that the EU should lead the fight against worldwide financial crimes and should promote an efficient international cooperation with the view to achieving the end of opacity. We therefore support the development by the EU of a policy against non-cooperative jurisdictions which present deficiencies in the field of combatting tax crimes and money-laundering.”<sup>3</sup> Wolfgang Schäuble, Finance Minister of Germany, and Pierre Moscovici, Finance Minister of France*

**To our big regret the ECOFIN council conclusions 14 May did not sufficiently reflect EU political leaders’ progressive talk.** Whereas the conclusions produced strong rhetoric about the importance of tackling tax evasion and tax fraud, they offered little in the way of concrete action and they delayed important decisions to tackle financial secrecy.<sup>4</sup>

<sup>1</sup> See also: <http://eurodad.org/1545261/>

<sup>2</sup> Information, April 18, 2013, <http://www.information.dk/457716>

<sup>3</sup> Joint letter from Germany and France to the European Commission. For more examples of statements from political leaders see Annex 1.

<sup>4</sup> See the European Network on Debt and Development’s (Eurodad) analysis of the ECOFIN conclusions here: <http://eurodad.org/1545339/>

**Cross-border tax fraud and avoidance demands, as the European Commission states, “a strong and cohesive EU stance.”** Member States have also repeatedly and publicly admitted that unilateral measures against tax evasion will not be enough in a globalised economy and coordinated action at an EU and broader international level is urgently needed. The EU has the opportunity to show that this international cooperation can happen. Alongside other international actors it can lead in establishing new legislation, standards and commitments for the EU, and work with others, especially developing countries, in finding ways to strengthen tax systems and tackle tax fraud everywhere.

**A first essential step to help clamp down on the global system of tax havens is to agree on common criteria to identify tax havens.** The European Commission recommended this in its 2012 *Action Plan to strengthen the fight against tax fraud and tax evasion*.<sup>5</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:

- *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. 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.

**Statements from you and your peers across Europe show that EU Member States are united on this issue.** Thus, when meeting in Brussels next week, the EU Heads of States have no excuse for failure. You must all take up this task, go further than the Ministers of finance and promise, and deliver, concrete action. Failure to put in place transparency measures and sanction misbehaviour will not be accepted by EU citizens and tax payers who are facing a severe economic crisis, high unemployment and dramatic cuts in public spending. Adding the harmful impacts of today’s transparency regulations on developing countries unable to meet the Millennium Development Goals due to the billions lost to illicit financial flows every year, concrete actions against tax havens is a demand.

**We urge Denmark to support the European Union in leading the world on fair and full tax compliance and achieving concrete binding results behind declarations at the European Council 22 May.**

Sincerely,



Laust Leth Gregersen,

**Head of Secretariat, Concord Danmark**



Nils Brøgger Jakobsen

**President, Concord Danmark**

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<sup>5</sup> C(2012) 8805 final. See

[http://ec.europa.eu/taxation\\_customs/resources/documents/taxation/tax\\_fraud\\_evasion/com\\_2012\\_722\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/taxation/tax_fraud_evasion/com_2012_722_en.pdf)