
DON'T LET UP IN FIGHT AGAINST TAX AVOIDANCE, MOSCOVICI URGES EU STATES

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European Union states should continue reforming corporate rules to tackle tax avoidance, EU tax commissioner Pierre Moscovici told finance ministers on Saturday, as some smaller nations urged slower reform to avoid scaring away big corporations.

In a paper to be discussed at a meeting of EU finance ministers in Valletta on Saturday, Malta, which holds the rotating EU chair until July, said EU tax reforms would increase uncertainty, harming investment and trade.

It suggested states should be given more time to adapt to changing rules.

Addressing the ministers, Moscovici opposed Malta's view and said the biggest source of uncertainty would be to maintain a "status quo" where EU states compete with each other on corporate tax policy.

Many large U.S. corporations have set up their headquarters in smaller EU states, allowing them to cut their tax bills due to more lax tax rules.

Following recent revelations, such as the Panama Papers, of widespread tax evasion and avoidance by big corporations and wealthy individuals, the European Commission has made several legislative proposals to close legal loopholes. However, some of the most ambitious plans have yet to be approved by EU states.

Multinationals, including Apple (AAPL.O), Amazon.com (AMZN.O), McDonald's (MCD.N) and Starbucks Corp (SBUX.O), are under investigation or have been sanctioned by the EU executive for their excessively low tax bills in some EU states.

"We must finish what we have started," Moscovici urged ministers, according to his speaking notes circulated to the media. The pace of reforms should remain "fast", he said.

He told states to move "with ambition and determination" to agree on proposals for a common tax base at EU level that would put an end to the wide range of corporate tax exemptions and deductions currently applied by EU countries, and which are exploited by big companies to lower their tax bills.

He faced opposition from some smaller EU states. On his arrival to the meeting, Belgian finance minister Johan Van Overtveldt said Malta was right in stressing that the pace of reforms should not be "too fast" and that the EU should adapt its speed to other major economies worldwide.

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His remarks were echoed by Luxembourg's finance minister Pierre Gramegna, who called for a "level playing field in terms of taxation worldwide".

Moscovici said the EU should lead the world on tax reforms, especially at a time when the U.S. tax policy is unclear and may further slow down reforms.

Dutch finance minister Jeroen Dijsselbloem sided with Moscovici. "Let's not get soft on tax avoidance," he told reporters on his arrival to the meeting.

Calls for more tax certainty "cannot be an excuse" to slow down the EU fight against tax avoidance, German finance minister Wolfgang Schäuble told reporters at the end of the meeting.

(Additional reporting by Tom Koerkemeier; editing by Jason Neely)

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