

## 11.2 Taxation

<p><b>A</b></p>	<p><b>HISTORY OF THE DOCUMENT &amp; POINTS FOR DECISION</b></p> <p><b>The Executive Committee is invited to <u>comment and note</u></b> the attached report summing up developments with EC proposed or adopted measures to force the wealthy to pay their fair share of tax, in light of International developments (US and OECD), and to introduce a European Tax on financial transactions (FTT) as a first but essential step towards an international FTT</p>
<p><b>B</b></p>	<p><b>BRIEF OUTLINE</b></p> <p>Over the past months, the EPSU's campaign "<i>Where has the money gone? Europe's missing €1n : we want it back</i>" has in the main focused on the policy front (an update of EPSU's last year report on scale of job cuts in tax administrations is pending).</p> <p>A decade ago, lifting of bank (and company) secrecy via automatic exchange of bank information to tax administrations, country by country reporting by multinationals, registries on wealth were all pipe dreams. These are now on the EU and International agendas, which is welcome. Whether it will put an end to tax havens and aggressive tax planning so that large companies and wealthy individuals pay their fair share of tax remains to be seen as the plight of job cuts in tax administrations continues (just when they are required to deal with more information) and as the case for tax justice to finance public services remains to be won.</p> <p>The attached report sums up legislative developments over the past year in light of EPSU's demands (as well as those of the European Parliament, the European Economic and Social committee, and social/tax justice NGOs). It is a long report reflecting the many proposals that have or might become subject to EU legislation, as follows::</p> <p><b>Mandatory Automatic Exchange of Information ( AEI)</b></p> <ul style="list-style-type: none"> <li>✓ Adoption, after 6 years of tractations, of the revised <b>Savings Taxation directive</b> by Council on 24 March last that will cover AEI for trust and foundations (changes were opposed by Business). This follows on from Luxembourg and Austria having lifted their veto - transposition in domestic law <u>by January 2016</u></li> <li>✓ Draft revised directive on (tax) <b>Administrative Cooperation</b>, supported by EPSU: lobbying by affiliates requested to support the extension of mandatory AEI to dividends and capital gains. The objective is also to bring it into line with OECD global standard on AEI that is due to kick in <u>by end of 2015</u>. (TUAC coordinates trade union inputs in OECD's consultations).</li> </ul> <p><b>Country by country reporting (CBCR): mandatory in extracting and banking sectors</b> Adoption of mandatory CBCR for multinationals in extractive industry ( <u>by 20 July 2015</u>) and for banks ( <u>effective NOW</u>): the scope of the information requirements is broader for the banks as it includes data on profits, tax, employment, government subsidies and geographical location of all activities. Lobbying actions requested for across the board CBCR at EU and OECD levels remain necessary, that should be modelled upon the mandatory measures for the banking sector. At OECD level, TUAC is coordinating the trade union response to related consultations that will end in May 2014.</p> <p><b>Registry on corporate vehicles for tax evasion or avoidance purposes</b> In the context of the revision of the <b>anti-money laundering directive</b>, Parliament agreed by a large majority to establish a public registry on trust and foundations, i.e. corporate vehicles which are increasingly used to transfer money to secretive jurisdictions to avoid tax payments: pressure on Council and newly elected Parliament will be requested to maintain this amendment in the revised directive</p> <p><b>Towards a general anti (tax) abuse clause (GAAR)</b></p>

	<p>In the context of the <b>revision of the parent subsidiary directive</b> submitted last November, the EC proposes to block a common tax avoidance practice by multinationals through hybrid loan arrangement (legal till now but deemed harmful). It also proposes to introduce a general anti-abuse rule to ensure that taxes are levied based on the actual economic substance of a transaction. The rapporteur in Parliament supports the changes. Lobbying may be requested to ensure this is adopted in the revised directive, as business is opposing the changes.</p> <p><b>EC tax good governance platform</b> (3<sup>rd</sup> meeting last February)                  The platform, of which EPSU and its affiliate GMB, are members is mandated to help implement the EC Recommendations on tax havens, including the possibility of a common blacklist, and aggressive tax planning, including the proposal to introduce a general anti tax abuse rule as mentioned above. So far the discussions have not led to tangible results due to obstruction by business representatives who are over-represented in the platform that also includes the 28 EU national tax administrations. Next meeting is scheduled for 10 June 2014.</p> <p><b>Affiliates' activities</b></p> <ul style="list-style-type: none"> <li>✓ <b>Amazon “a wage and tax dodger!”</b>: coordinated trade union protest and industrial actions by EPSU affiliates in the UK (GMB), France ( CGT), and Germany ( Ver.di) to protest at the company’s poor working conditions, tax dodging practices whilst benefiting from government subsidies.</li> <li>✓ <b>Tax haven free cities initiative</b>: A call by local politicians to ban tax havens is gaining ground in cities in France, Sweden, UK, Norway, Spain...Counter proposals are in line with EPSU’s such as remunicipalisation of services, imposing requirements for country-by-country reporting to show if public contract bidders pay a fair rate of tax in every country they operate in.</li> </ul> <p><b>Robin Hood/ Financial Transactions Tax ( FTT)</b>                  Discussions at Council level and in the main behind closed doors are ongoing on the EC draft directive for a FTT that was submitted more than a year ago. EPSU affiliates, especially from the 11 pro- FTT members states, are invited to double their efforts to voice support for a broad FTT ahead of <u>22 May</u> when a decision on its final scope is expected. This follows on from the Franco-German summit of last February that didn’t reach consensus on the scope of the directive ( in the main the French opposed the inclusion of derivatives which the Germans support). The French and German governments have however promised a decision would be reached before the EU elections.</p> <p>Affiliates are reminded to circulate widely to their members the <b>web petition</b> calling upon the 11 Governments – Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia- to adopt a broad FTT now! The website also provides updates, please see <a href="http://www.financialtransactiontax.eu">www.financialtransactiontax.eu</a>.</p>
	<p><b>GENDER EQUALITY ASPECTS</b>                  Women are overrepresented amongst the low and middle income earners who tend to pay more tax proportionately than top income earners. An effective fight against tax fraud and aggressive tax planning will therefore benefit, proportionately, more women. The case for tax justice is fundamentally linked to the funding of public services that are essential to gender equality in practice.</p>
<b>D</b>	<p><b>BUDGET IMPLICATION(S)</b>                  -/-</p>
<b>E</b>	<p><b>LIST OF RELATED DOCUMENTS</b></p> <ul style="list-style-type: none"> <li>• Progress report on taxation matters (attached)</li> <li>• EPSU comments to EC action plan against tax fraud and evasion, April 2013, <i>Good on the plan, weak on the actions</i> <a href="http://www.epsu.org/a/9521">http://www.epsu.org/a/9521</a></li> <li>• Press report on <i>FTT Democrats stand up for a FTT now</i>, February 2014 <a href="http://www.epsu.org/r/575">http://www.epsu.org/r/575</a></li> </ul>
<b>F</b>	<p><b>RELEVANT FILE NUMBERS:</b> Executive Committee</p>