



To the Members of the European Parliament  
special committee on financial crimes, tax  
evasion and tax avoidance

Brussels, 01 March 2018

**Ref: Appointment to the special committee on financial crimes, tax evasion and tax avoidance**

Dear Member,

I'm writing to you this letter on behalf of the European Public Service Union (EPSU) that represents 8 million public service workers across Europe, including those employed in tax and social security administrations as well as in labour authorities. We would like to congratulate you on your appointment to the special committee on financial crimes, tax evasion and tax avoidance.

This new committee can indeed be a **useful tool to keep up pressure on the European Commission and the Council to continue their work to tackle tax avoidance**, especially by multinationals and wealthy individuals, and to push EU countries to adopt and implement the reforms needed to avoid another tax scandal. The newly established committee should build upon the work already done by the Panama papers' enquiry committee and address and draw conclusions from the new leaks. The Committee should strongly encourage, if not force, companies to be accountable to the public.

In this framework, let me share with you some of the **priorities** that this new committee should have for the next year:

- **The prevention of tax dodging practices and proposals for solutions to stop the race to the lowest tax rates and spread of special taxation agreements.** For instance the Paradise Papers shed light on the role of letter-box companies with their chains of subcontracting arrangements: these have become the norm rather than the exception as mechanisms to avoid tax and also to support social security and wage dumping (see here ETUC/SOMO report). Letterbox-type practices have a massive impact on labour rights and public revenue, but there is no effective policy or enforcement to end their use.

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- Addressing tax havens in the EU the Paradise Papers are a reminder that **some tax havens remain located in the European Union**, assisting companies to avoid paying tax in their EU country of location. The conduct of individual Member States is at the expense of other countries, that have to make up for the missing tax revenue.
- To investigate and propose measures to put an end to **aggressive tax avoidance by large corporations and the very wealthy and their (costly) advisers**. The Committee should also examine alleged violations and cases of maladministration in the implementation of EU legislation relating to money laundering, tax evasion and tax avoidance.
- The new TAXE Committee also needs to monitor the work of the Commission concerning the investigations on the breach of competition rules on the ground of tax evasion committed by large multinationals such as in case of McDonald's that – according to our report - avoided more than €1bn (\$1.1bn) in tax by exploiting a controversial royalties loophole through Luxembourg.

The cost to the population is enormous: according to a EU Parliament study, the tax revenue lost in case of the Panama Papers may be as high as 237 billion while 9 out of 10 of the world's top 200 companies have a presence in tax havens while corporate investment in tax havens quadrupled in the last 5 years. Governments could use this money to support investment in health, education and other social services but instead it is funnelled to tax havens around the world. Across Europe 1.5 million jobs could have been supported with the money that was lost to national authorities because of the tax losses revealed in recent tax scandals .

Finally, let me mention the need to provide the European Parliament with a permanent structure to monitor the implementation of regulations and follow up on previous recommendations in tax policy after the European elections in 2019.

Those are some of the challenges this new committee will be confronted with: we count on your commitment to focus on effective implementation, to monitor the impact of the recommendations the Parliament has put forward as well as to put pressure on Members States to deliver results.

Best regards,



Jan Willem Goudriaan  
EPSU General Secretary