As governments offer billions to corporations, tax control should be strengthened says EPSU



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Today, the European Federation of Public Service Unions (EPSU) released an EU study on job reductions in tax administrations that highlights the need to invest in the prevention of tax evasion and fraud. As governments offer billions of public money to corporations, it is more urgent than ever to avoid this money ending up with tax dodgers.

The study shows that between 2008 and 2018, the austerity decade, 100 000 jobs have gone in tax collection services in 28 European countries including the United Kingdom. This means a 14.3% drop or around one in seven jobs. The pay and working conditions in tax administrations have worsened as a result.

This report, carried out by the UK-based Labour Research Institute (LRD), is based predominantly on data from national tax authorities and EPSU affiliates with

members working in tax authorities.

Virtually all countries have witnessed a reduction in their workforce with the exception of Luxembourg and Norway. In most cases, the digitalization of tax administrations has led to a reduction of staff without making tax collection more effective.

The report highlights that only 7 of 28 countries covered by the study have a specialized tax department for high net worth individuals "*the super rich".* There are also some cases where powerful companies and individuals are seen to have affected taxation decisions. Recent years have seen a staggering increase in the amount of individuals and companies who do not pay their fair share of taxes and yet the study illustrates the lack of proactivity by most European governments to deal with the so-called super tax dodgers.

Jan Willem Goudriaan, EPSU General Secretary states " *Instead of investing in quality tax administrations, governments have kept on reducing the means to chase up those who can pay tax but choose not to. The response to the Covid-19 pandemic has dramatically exposed chronic underfunding of health and elder care. It has put in sharp relief Europe's inequalities. To make tax systems much more progressive and transparent and ensure that public tax administrations have the means to collect tax will be essential to the EU recovery strategy*".

There is a strong case for action on tax, with various reports showing a significant gap between what should be and is actually collected. A number of EU directives that seek to improve tax transparency will lead to more data available in tax administrations. But if the human and material resources are not available, the new data will be left unprocessed. Tax dodgers escape paying their share.

COVID19 has produced a huge public income loss and an expenditure increase. If governments do not reverse disinvestment in tax administrations, their capacity of collecting taxes will continue to be undermined by the lack of staff. The experience in Denmark indicates that cutting staff and relying on technology is the best recipe for disaster. Following this "tax crisis", the Danish government has now started to recruit more employees. Other countries should follow suit.

Governments are offering billions to companies. Companies that do not pay their taxes and which do not report transparently on their taxes should not get any public funding. To avoid public money being thrown in a pit of tax evasion and avoidance,

oversight and controls need to be strengthened. We need sufficient resources and staffed tax administrations to do so. Governments are called upon to invest.

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For the full report in English , French, German, Italian, Spanish (soon available in Swedish)

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