

Fighting aggressive tax planning beyond BEPS

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What's next ?

- Let's assume BEPS is going nicely. It won't be enough
- What are the supplementary conditions for an efficient tackling of aggressive tax planning?
- There are 6 of them

1. Strengthen the tax authorities

- CbC reporting, automatic exchange of tax rulings, etc.
- The fight against tax havens does not stop with the information obtained from these territories by automatic exchanges and country by country reporting. On the contrary, this is where it starts
- Problem : the number of people in tax administrations is decreasing!

	Variation du nombre d'employés dans les administrations fiscales (2008-2012), en %
Germany	-2,6
Austria	-6,9
Belgium	-11,9
Cyprus	-16,3
Croatia	-0,8
Denmark	-17,6
Spain	-3,5
Estonia	-14,8
Finland	-10,9
France	-8,8
Greece	-21,9
Hungary	+43,8
Ireland	-13
Italy	-9,2
Latvia	-19,8
Lithuania	-17,3
Luxembourg	+2,9
Malta	-6,2
Netherlands	-9
Poland	-
Portugal	-10,4
Czech Republic	-17,6
Romania	-14,7
United Kingdom	-20,7

2. Set a goal to reduce tax losses

- Ambitious, transparent and realistic
- The proposal often presented in recent years in various studies to halve the loss of tax revenue by 2020 now seems untenable
- if the policy is effective, the EU countries should have recover a good part of their taxes by 2025. If not, more is to be done.
- Better than naming and shaming : too much political interference

3. A regular report in parliaments

- Each national parliament, the US Congress and the European Parliament should be informed by an annual document that would present: the actual rate taxation of the wealthiest people (as a group), multinationals, the number and amount of tax recovery, etc. The list is to be defined.
- The procedure of the European semester could include this dimension.

4. Protecting whistleblowers

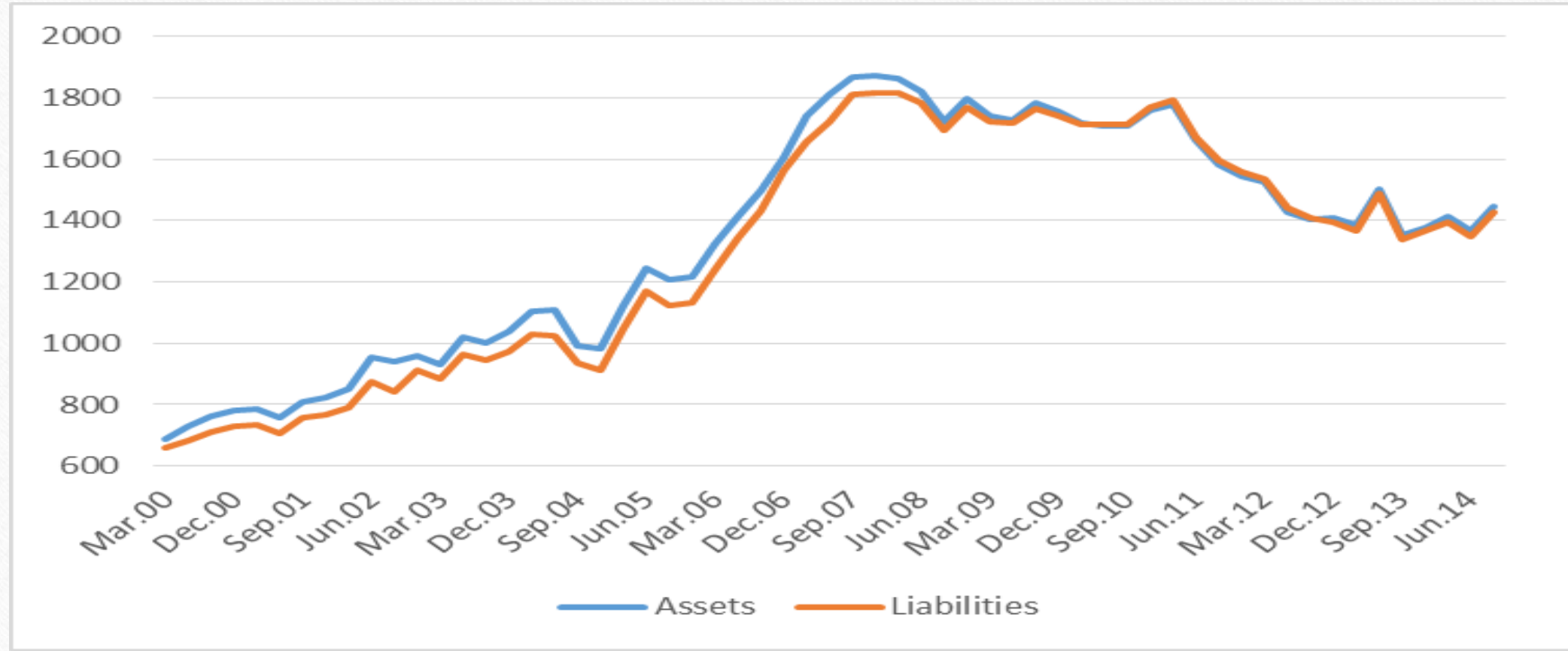
- The extent of facts likely to be reported;
- The extent and diversity of sectors covered by the legislation;
- The scope of persons eligible for the process and the protections of the law
- BEWARE : the definition of business confidentiality protection requirements

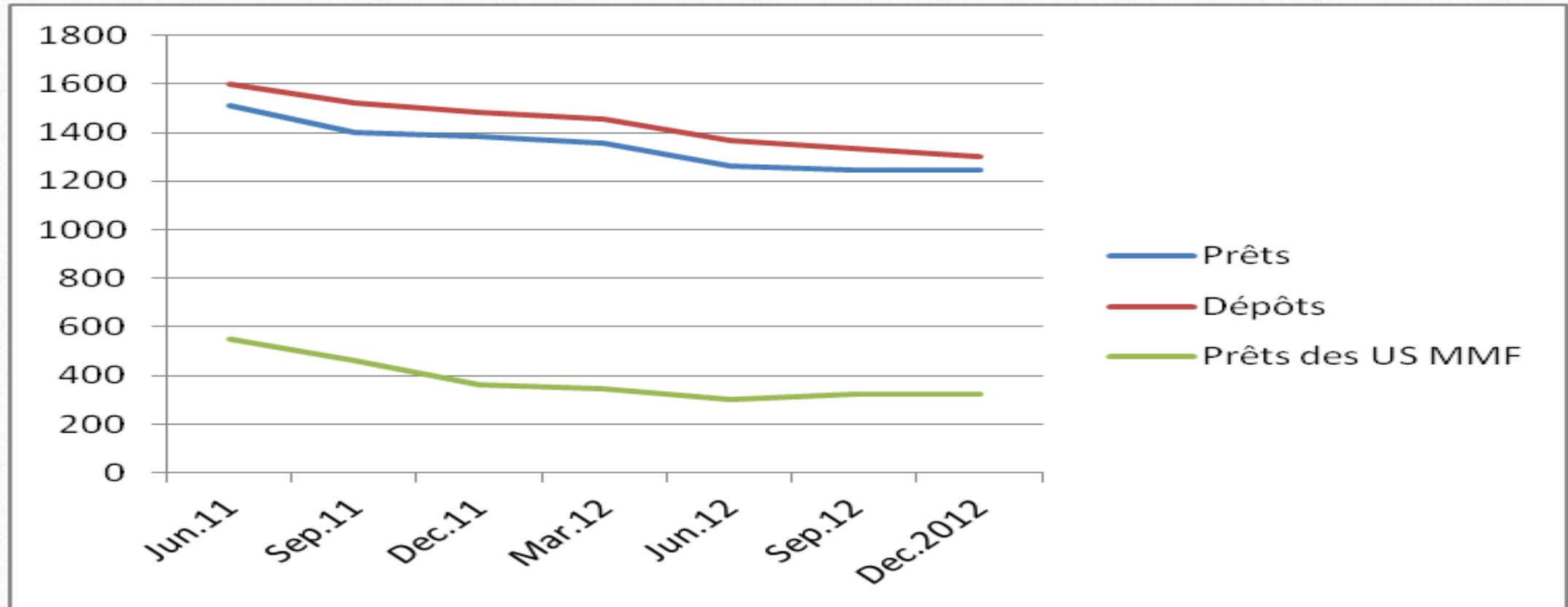
5. Act against the practices of some legal professionals

- An effective policy against tax havens should directly address the part of the legal profession - firm audits, tax experts, lawyers, etc.-that promotes their use.
- LuxLeaks : rulings AND KPMG
- Heavy fines advertised largely
- A rating system (AAA, AA, etc.) depending on their behavior

6. Remove the banks from tax havens

- US GAO report from 2008
- Northern Rock ; Bear Stearns, etc.
- Madoff : BVI, Luxemburg, Switzerland
- French Banks : Irish 11 times more productive ! Deutsche Bank : Luxemburg 4 times more





Firms strike back

The 3 strategies : influence BEPS

% of total	Transfer pricing	Transfer pricing on intangibles	Digital Economy	Hybrid products	Treaty abuses	TOTAL
Business lobbies	14,5	3,5	6,7	7,4	8,9	40,9
Multinationals	4,5	1,3	1,5	0,6	1,3	9,3
Legal and accounting professionals	14,3	8,4	4,5	6,5	5,8	39,6
NGOs	3,9	0,2	0,2	0,4	0,4	5,2
Academic	1,9	1,1	0,4	0,2	0,6	4,3
Non member countries	0,2	0,0	0,0	0,0	0,0	0,2
TOTAL	39,4	14,5	13,4	15,2	17,1	100,0

The 3 strategies : US political lobbying

- Lobby groups representing Google, Amazon and other powerful US tech multinationals have launched a fierce attack on global plans to stamp out artificial corporate structures used to avoid tax
- Republican allies

The 3 strategies : rebuilding opacity

