
6. Recommendations

There are several recommendations that European governments and the EU institutions can – and must – take forward to help bring an end to the scandal of tax dodging and ensure tax justice.

Tax policies

Governments and EU institutions must promote progressive tax systems to counter rising inequality; ensure that tax policies promote gender equality and are fully in line with policy coherence for development; and stop the race to the bottom on corporate taxation, including through lowering corporate tax rates and using harmful tax practices that facilitate corporate tax avoidance.

For this purpose, they should:

1. Carry out and publish spill-over analyses of all national and EU-level tax policies, including special purpose entities, tax treaties and incentives for multinational corporations, in order to assess the impacts on developing countries, and remove or reform policies and practices that have negative impacts on developing countries.
2. Undertake a rigorous study, jointly with developing countries, of the merits, risks and feasibility of more fundamental alternatives to the current international tax system, such as unitary taxation, with special attention to the likely impact of these alternatives on developing countries.
3. Support a proposal on a Common Consolidated Corporate Tax Base (CCCTB) at the EU level that includes the consolidation and apportionment of profits, and avoid introducing new mechanisms that can be abused by multinational corporations to dodge taxes, including large-scale tax deductions.
4. Publish data showing the flow of investments through special purpose entities in their countries.
5. Stop the spread of, and remove, existing patent boxes and similar harmful structures.
6. Publish the basic elements of all advance tax agreements granted to multinational corporations (including, at a minimum, the name of the corporation to which it is issued, duration of the agreement and the topics covered). Move towards a system for taxing multinational corporations that is transparent, clear and less complex.
7. Publish annual assessments of the cost and benefits of all tax incentives provided to multinational corporations.
8. Ensure that tax advisors are legally liable for promoting and advising on practices that violate the law.

9. Adopt effective whistleblower protection to protect those who act in the public interest, including those who disclose legal tax avoidance or tax evasion. The protection must include both private and public sector employees.
10. If negotiating or renegotiating tax treaties with developing countries, governments should:
 - Conduct and publish a comprehensive impact assessment to analyse the impact on the developing country and ensure that negative impacts are avoided;
 - Fully respect source country rights to tax the profits generated by business activities in their countries, and stop reducing withholding tax rates;
 - Ensure full transparency around every step of treaty negotiations as well as effective participation by civil society and parliamentarians.

Transparency

Governments and EU Institutions must allow the public to access the key corporate information necessary to ensure accountability and tax justice. They must also ensure full and effective exchange of information between all the governments so that citizens are not able to use international structures to circumvent national tax laws.

For this purpose, they should:

11. Work towards a Global Standard on Automatic Information Exchange, which includes a transition period for developing countries that cannot currently meet reciprocal exchange requirements due to lack of administrative capacity. This transition period should allow developing countries to receive information automatically, even though they might not have the capacity to share information from their own countries. Furthermore, under the current standards, developed country governments must commit to exchange information automatically with all developing countries that fulfill basic data protection requirements, by establishing the necessary bilateral exchange relationships.

12. Establish fully publicly accessible registries of the beneficial owners of companies, trusts and similar legal structures. At the EU level, the revision of the EU anti-money laundering directive provides an important opportunity to do so, and governments must ensure that the problems related to secret ownership, as exposed in the Panama Papers, are finally resolved.
13. Adopt full country by country reporting for all large multinational corporations, and ensure that this information is publicly available in an open data format that is machine readable and centralised in a public registry. This reporting should be at least as comprehensive as suggested in the OECD BEPS reporting template,³⁵⁷ but cover all corporations that meet the EU definition of 'large undertaking'.

International decision-making

Governments and EU institutions must support all international decision-making on tax matters being fair and transparent, including the participation of all countries on a truly equal footing, and an intergovernmental decision-making process that allows full access for observers.

For this purpose, they should:

14. Support the establishment of an intergovernmental tax body under the auspices of the UN, with the aim of ensuring that developing countries can participate equally in the global reform of international tax rules. This forum should become the main forum for international cooperation in tax matters and related transparency issues. The tax body should be adequately funded and allow full access to observers, including civil society and parliamentarians. One of the key priorities of the commission should be to negotiate and adopt an international convention on tax cooperation and related transparency.
15. Replace or fundamentally reform the EU Code of Conduct Group on Business Taxation to ensure that EU decision-making on international tax matters becomes fully transparent to the public, and that decision-makers become accountable to their citizens.