

# Commission: Companies with Links to Tax Havens Should Not Receive Public Money

Thomas Wahl

On 14 July 2020, the Commission made recommendations for a coordinated approach by all EU Member States not to grant State aids to companies that have links to countries that are featured on the list of non-cooperative tax jurisdictions. Restrictions should also apply to companies that have been convicted of serious financial crimes, including, among others, financial fraud, corruption, and non-payment of tax and social security obligations. [The recommendation](#) aims to provide guidance to Member States on how to set conditions for financial support that prevent the misuse of public funds and how to strengthen safeguards against tax abuse throughout the EU. The recommendation is also prompted by the current COVID-19 related funding at the expense of taxpayers and social security systems.

The Commission has set out a template, by means of which Member States can exclude “undertakings” with links to tax havens from public funding. Exceptions to these restrictions – to be applied under strict conditions – are also foreseen, in order to protect honest taxpayers. This could be the case, for example, if a company can prove that it has paid adequate tax in the Member State for a given period of time or if it has a genuine economic presence in the listed country. Member States are advised to introduce appropriate sanctions to discourage applicants from providing false or inaccurate information and to establish reasonable requirements for companies to prove that there is no link with a jurisdiction on the EU list of non-cooperative tax jurisdictions.

The recommendation is not binding for the Member States. The Commission acknowledges, however, that several Member States have indicated their intention to create a strong link between financial support and a fair share of tax paid by the beneficiary. The Commission will publish a report on the impact of this recommendation within three years.

## AUTHOR

**Thomas Wahl**

Senior Researcher  
Max Planck Institute for the  
Study of Crime, Security and  
Law

---

ISSN: 1862-6947

<https://eucrim.eu>

---



---

## About eucrim

eucrim is the leading journal which regularly informs about current developments in European criminal and “criministrative” law.

All news items are freely accessible at: <https://eucrim.eu/news/>

Stay informed by emailing to [eucrim-subscribe@csl.mpg.de](mailto:eucrim-subscribe@csl.mpg.de) to receive alerts for new releases of issues.

The project is co-financed by the [Union Anti-Fraud Programme \(UAFP\)](#), managed by the [European Anti-Fraud Office \(OLAF\)](#).



Co-funded by  
the European Union