

EP Resolution on Lessons from the Pandora Papers

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News

In a [resolution on lessons learnt from the Pandora Papers](#) and other revelations, adopted on 15 June 2023, the European Parliament (EP) made a number of recommendations stemming from data leaks on tax evasion and money launderings schemes, such as the Pandora Papers. The resolution addresses the protection of journalists and whistle-blowers, the reduction of conflicts of interest, better regulation of intermediaries, improvements in reporting and information sharing (particularly on beneficial ownership), efforts against harmful tax practices, and measures against the misuse of shell companies and opaque structures.

The MEPs stressed the role of journalists and whistleblowers in investigating and exposing potential violations of tax law as well as corruption, organised crime, and money laundering. In order to better protect from SLAPPs (strategic lawsuits against public participation) those persons who engage in public participation, the MEPs backed the Commission's proposal for an anti-SLAPP directive (→ [euCRIM 2/2022, 119](#)) and called on Member States to adopt said legislation. The EP expressed dismay over the fact that 24 Member States failed to transpose and communicate the transposition of the Whistleblower Directive within the deadline and welcomed infringement procedures initiated by the Commission against at least 19 Member States for their failure to transpose it (→ [euCRIM 2/2022, 118](#)).

The MEPs distanced themselves from a number of EU high-level decision-makers mentioned in the Pandora Papers. They stressed that, due to importance of safeguarding the high standards of integrity, honesty, and responsibility among public officials in the EU and in the Member States as well as fostering, within that environment, a sense of duty and personal honesty, Members of the European Parliament must honourably disclose any “financial interests which might influence the performance of the Member’s duties.”

Regarding the role of intermediaries in facilitating tax evasion and avoidance, the EP pointed out that the Pandora Papers exposed PwC and other major accountancy firms for their central role in assisting Russian oligarchs' investments in the West through the firms' networks of offshore shell companies. In light of these revelations, the MEPs called on the Commission and the Member States to further analyse and address potential conflicts of interest stemming from the provision of legal advice, tax advice, and auditing services when advising both corporate clients and public authorities.

The MEPs further stressed the need for new, appropriate, and targeted regulations on new technologies (e.g. crypto-assets), which present challenges in the area of tax avoidance and money laundering. Furthermore, they expressed concerns over schemes granting nationality or residency on the basis of financial investment, also known as “golden passports”. The resolution calls on the Commission to report on progress made by

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Member States in repealing or withdrawing the citizenship or residence permits of Russian or Belarusian individuals who have obtained their status through investment.

In the fight against tax evasion/avoidance, the Commission is invited to assess feasibility of legislation to establish mechanisms for unexplained wealth at the EU level. Regretting the lack of transparency on the part of the Commission and the Member States regarding the progress made in freezing and seizing the assets of sanctioned persons, the resolution also called on the Commission to publish a list of assets that have been frozen or confiscated following Russia's invasion of Ukraine. The MEPs expressed support for the Commission 2022 proposal on asset recovery and confiscation (→ [eucrim 2/2022, 76](#)). The MEPs blamed the Council's lack of willingness to agree on the forthcoming transparency criterion with regard to ultimate beneficial ownership. Concealment thereof was a common feature in the schemes exposed by the Panama Papers and a key contributing factor to the continuation and success of such schemes.

Lastly, the EP called for greater transparency concerning preferential tax systems and more tax solidarity among EU Member States.

The resolution is based on a [report](#) authored by *Niels Fuglsang* (S&D, DK) and adopted by the EP's Committee on Economic and Monetary Affairs at the end of March 2023. The findings and recommendations follow up several hearings in the EP and country visits by EP delegations after a number of data leaks on tax evasion schemes in recent years. The EP has addressed the challenges unveiled by the Pandora Papers and other similar leaks by assessing different policy areas.

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