

# MEPs Call for Reform of EU List on Tax Havens

Thomas Wahl



## News

On 10 December 2020, the Economic and Monetary Affairs Committee adopted a [resolution that demands a reform of the EU's blacklisting of tax havens](#). Adopted by 43 votes in favour, 6 against and 5 abstentions, MEPs call the current system "confusing and ineffective".

The criterion for judging if a country's tax system is fair or not needs to be widened to include more practices and not only preferential tax rates. Jurisdictions with a 0% corporate tax rate or with no taxes on companies' profits should be automatically placed on the "list of non-cooperative jurisdictions for tax purposes". Requirements for possible removals must be more stringent; removals following minimal changes or weak enforcement measures must be avoided.

All third countries must be treated and screened fairly and equally on the basis of the same criteria, what seems not the case at the moment. EU member states should also be screened to see if they display any characteristics of a tax haven, and those falling foul should be regarded as tax havens too.

Ultimately, the resolution proposes that the listing process is formalised by a legally binding instrument. The EP should have an observer role in the Council's Code of Conduct Group that currently decides on the blacklisting behind closed doors. Changes must ensure the impartiality, objectivity and accountability of the listing process.

The resolution reacts to a recent report on global tax justice (--> [related link](#)) revealing, *inter alia*, that the jurisdictions on the EU list of tax havens only account for less than 2% of global tax losses whereas 36% of EU Member States do. Furthermore, the removal of the Cayman Islands from the list by the [Council in October 2020](#) was met with incomprehension by MEPs, considering that the Cayman Islands are presumed to be one of the most responsible jurisdictions for tax losses, according to the mentioned [tax justice report](#). Thereupon, the EP's subcommittee on tax matters (FISC) pushed ahead the preparation of the motion for a resolution on the reform of the EU's list on tax havens.

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