Survival of the Richest

Europe's role in supporting an unjust global tax system 2016

REPORT BRIEFING

Introduction

After a wave of international tax scandals, the group of European governments in favour of greater tax transparency is finally beginning to grow. However, the battle is not yet won, as a number of governments remain opposed.

Meanwhile, on the issue of stopping tax dodging by multinational corporations, the picture is more worrying. Despite the LuxLeaks scandal, the number of secret 'sweetheart deals' between European governments and multinational corporations is skyrocketing.

European governments also continue to sign very problematic tax treaties with developing countries. These treaties can help to facilitate corporate tax dodging and impose restrictions on tax systems in developing counties. The bottom line is that these countries keep paying a high price for a global tax system that they did not create. Sadly, this report shows that the vast majority of decision makers in Europe remain strongly opposed to the idea of giving the poorest countries a seat at the table when global tax standards are decided.

Specifically, this report finds that:

Transparency

- Following the Panama Papers scandal, a soft breeze of growing political will in favour of transparency seems to be blowing, at least over some parts of Europe. Compared with 2015, there has been a significant increase in the amount of countries that have either expressed support for public registers of beneficial owners (Finland, the Netherlands, Norway), or already started introducing them at the national level (UK, France, Denmark, Slovenia). The group of countries opposed to ownership transparency is now significantly smaller than the group of countries in favour. And it seems the positive development might continue in future. In both Germany and the Czech Republic, there are clear signs of movement towards increased support for transparency.
- A similar, but weaker, tendency is seen on the issue of whether multinational corporations should publish data on a country by country basis showing the amount of business activity taking place, and tax payments made, in each country where they operate. On this issue, the group of countries opposing such a proposal (Austria, Czech Republic, Denmark, Germany, Latvia, Slovenia and Sweden) remains larger than the group that have expressed support for it (France, Netherlands, Spain and potentially the UK). However, compared with 2015, support has grown substantially, and it seems this will become one of the major political battles of 2017.
- Contrary to the developments on transparency, the picture remains bleak when it comes to taxation.

Taxation

- Following the LuxLeaks scandal and several ongoing state aid cases concerning so-called 'sweetheart deals', which governments have made with multinational corporations, one might have thought that fewer deals would be signed by European governments. But on the contrary, the number of sweetheart deals in the EU has soared from 547 in 2013, to 972 in 2014, and it finally reached 1444 by the end of 2015 – which is an increase of over 160 per cent between 2013 and 2015 (and an increase of almost 50 per cent from 2014 to 2015). The most dramatic increases have occurred in Belgium and Luxembourg, where the amount of sweetheart deals skyrocketed after the LuxLeaks scandal, increasing by 248 per cent and 50 per cent respectively in just one year.
- While the LuxLeaks scandal does not seem to have placed a constraint on the number of sweetheart deals in the EU, it has had another consequence. The two whistleblowers, together with one of the journalists, who brought the scandal to the public, are on trial in Luxembourg. This trial serves as a stark reminder of the fact that Europe is still much more committed to protecting dirty corporate secrets than those who act in the public interest and expose injustice.
- European governments continue to sign very problematic tax treaties with developing countries. An analysis of the countries covered by this report shows that they on average have 42 treaties with developing countries, and that these treaties on average reduce developing country tax rates by 3.8 per cent. Of all the countries analysed, Ireland has on average introduced the highest amount of reductions of developing country tax rates – 5.2 percentage points. Analysis by ActionAid has also revealed that even among the countries that do not, on average, have treaties which impose high restrictions on developing country taxing rates, there are a significant amount of 'very restrictive' tax treaties which impose strong constraints on the individual developing countries that have signed them. Among the countries covered by this report, Italy, the UK and Germany are the countries with the highest amount of those very problematic tax treaties with developing countries.

Global solutions

The vast majority of the countries covered by this report remain opposed to the proposal to create an intergovernmental UN tax body, which would grant developing countries a seat at the table when global tax standards are negotiated. Some governments might have thought that this issue would fall off the international political agenda, after a dramatic year in 2015, when developed countries managed to block a strong push from developing countries to get an intergovernmental UN tax body. However, the developing countries are showing no intention to let this issue go.

This report recommends that governments:

1. Adopt registers of the beneficial owners of companies, trusts and similar legal structures, which are in an open data format that is machine readable and fully accessible to the public without conditions.
2. Adopt full country by country reporting for all large companies and ensure that this information is publicly available in an open data format that is machine readable and centralised in a public registry.
3. Carry out and publish spillover 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 policies and practices that have negative impacts on developing countries.
4. Ensure that the new OECD-developed 'Global Standard on Automatic Information Exchange' includes a transitionperiod for developing countries that cannot currently meet reciprocal automatic information exchange requirements due to lack of administrative capacity. Furthermore, developed country governments must commit to exchange information automatically with developing countries by establishing the necessary bilateral exchange relationships.
5. 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.
6. Establish 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.
7. Publish data showing the flow of investments through special purpose entities in their countries.
8. Remove and stop the spread of existing patent boxes and similar harmful structures.
9. Publish the basic elements of all tax rulings granted to multinational companies and move towards a clear and less complex system for taxing multinational corporations, which can make the excessive use of tax rulings redundant.
10. Adopt effective whistleblower protection to protect those who act in the public's interest, including those who disclose tax dodging practices.
11. 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.
12. When negotiating tax treaties with developing countries, governments should ensure a fair distribution of taxing rights between the signatories to the treaty; desist from reducing withholding tax rates; and ensure transparency around treaty negotiations, including related policies and position of the government, to allow stakeholders, including civil society and parliamentarians, to scrutinise and follow every negotiation process from the inception phase until finalization.

Methodology for country rating system

Category 1
Ownership transparency

This category is based on information from the national chapters (for countries), the chapter on 'Europe's role in upholding an unjust tax system' (for the European Parliament and Commission) and on Table 3 in the chapter on 'Hidden ownership'.

Green: Governments that have announced that they are introducing public registers of beneficial ownership information on companies. If the country allows the establishment of trusts or similar legal structures, these will also be subject to a public register of beneficial owners. This category also includes governments and EU institutions that have supported public registers of beneficial ownership at EU-wide level.

Yellow: The country or institution is either undecided or has chosen a problematic 'middle way', for example by establishing a public register of beneficial owners of companies while at the same time providing opportunities for establishing secret trusts or similar legal structures.

Red: The country or institution has rejected the option of establishing public registers of beneficial owners. This category also includes countries that figure in the global top 10 in the Financial Secrecy Index and have not yet shown any intention to introduce public registers of beneficial owners.

Category 2
Public reporting for multinational corporations

This category is based on information from the national chapters (for countries) and the chapter on 'Europe's role in upholding an unjust tax system' (for the European Parliament and Commission).

Green: A champion and is actively promoting EU decisions on public country by country reporting.

Yellow: Neutral at the EU level. Yellow is also used to categorise counties or EU institutions with positions that are unclear or somewhere in between positive and negative.

Red: Actively speaking against public country by country reporting at the EU level.

Category 3
Tax Treaties

This category is firstly based on information from Figure 4 and Table 2 on the average rate of reduction of developing country withholding taxes in tax treaties and the total number of tax treaties between the European countries covered in this report and developing countries (see the chapter on 'Tax treaties'). Secondly, this rating takes into account whether a country has 'very restrictive' treaties with developing countries (see Figure 3 in the chapter 'Tax treaties'). As noted in the report, an increasing number of countries are currently introducing anti-abuse clauses in their tax treaties. Although this is positive, these clauses do not address the main concern about tax treaties – namely that treaties are used to lower tax rates in developing countries and reallocate taxing rights from poorer to richer countries. Therefore, the presence of anti-abuse clauses is not used as a determining factor in the rating system outlined below. For the European Parliament and Commission, this category is based on information from the chapter on 'Europe's role in upholding an unjust tax system'.

Green: Governments that do not have any 'very restrictive' tax treaties with developing countries, and for whom the average reduction of withholding tax rates in treaties with developing countries is below one percentage point. For the EU institutions, this category includes institutions that have proposed concrete measures to mitigate and prevent negative impacts on developing countries due to treaties signed with EU Member States.

Yellow: The average reduction of withholding tax rates in treaties with developing countries is above one percentage point. However, the negative impacts of the country's tax treaty system is relatively limited because the country doesn't have any 'very restrictive' tax treaties with developing countries, and because the average reduction of tax rates or the number of tax treaties the country has with developing countries is below average among the countries covered in this report (3.8 percentage points and 42 treaties respectively). For the EU institutions, this category includes institutions that have acknowledged the problems tax treaties can cause for developing countries, but have not yet put forward concrete proposals for mitigating and preventing these problems.

Red: The tax treaty system of the country is relatively harmful, either because the country has signed some 'very restrictive' treaties with developing countries, or because the average reduction of withholding tax rates in treaties with developing countries, as well as the total number of tax treaties the country has with developing countries, are both above the average among the countries covered in this report (3.8 percentage points and 42 treaties respectively). For EU institutions, this category includes those who have not yet acknowledged the problems tax treaties can cause for developing countries.

Category 4
Global solutions

This category is based on information from the national chapters (for countries) and the chapter on 'Europe's role in upholding an unjust tax system' (for the European Parliament and Commission).

Green: Supports the establishment of an intergovernmental body on tax matters under the auspices of the United Nations, with the aim of ensuring that all countries are able to participate on an equal footing in the definition of global tax standards.

Yellow: The position of the government or institution is unclear or neutral.

Red: The government or institution is opposed to the establishment of an intergovernmental body on tax matters under the auspices of the UN, and thus not willing to ensure that all countries are able to participate on an equal footing in the definition of global tax standards.

Symbols

↓ Arrows: Show that the country seems to be in the process of moving from one category to another. The colour of the arrow denotes the category being moved towards.

⊘ 'Restricted access' sign: Shows that the position of the government is not available to the public, and thus the country has been given a yellow light due to a lack of public information.

EUROPEAN COMMISSION

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
Following the Panama Papers, the European Commission launched a proposal to introduce public registers of beneficial owners of some companies and some trusts in the EU.	The European Commission has launched a proposal that requires multinational corporations to publish country by country data from some countries but not others. This conflicts with the fundamental idea of public country by country reporting, which is to obtain a full overview from all countries where a corporation is operating. The proposal is therefore, in reality, not country by country reporting.	The European Commission has now recognised that tax treaties can potentially have a negative impact on developing countries. However, the Commission has not yet proposed any actions that can adequately address this problem.	The European Commission does not support the establishment of an intergovernmental UN tax body.

EUROPEAN PARLIAMENT

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
The European Parliament has proposed public registers of beneficial owners of companies, trusts and similar legal structures.	The European Parliament has proposed full public country by country reporting.	The European Parliament has recognised the potential negative impacts of tax treaties on developing countries, and called for a fair allocation of taxing rights between countries, and that treaties be negotiated.	The European Commission has repeatedly supported the establishment of an intergovernmental UN tax body.

AUSTRIA

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
Austria's position on the issue of public access to its future register of beneficial owners is unknown.	The Austrian government is against full public country by country reporting, and even the European Commission's proposal for partially public country by country reporting.	Although Austria's number of treaties with developing countries is slightly below average, the average rate of reduction of developing country tax rates through those treaties is significantly above average, which shows that these treaties could have significant negative impacts on developing countries.	The Austrian government does not have an official position on the issue of establishing an intergovernmental UN body on tax.

BELGIUM

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
The transposition of the 4th Anti-Money Laundering Directive is foreseen by the end of 2016 and the Minister of Finance accords high importance to this directive. However, Belgium has not taken a formal position on the issue of public access to beneficial ownership registers.	It is unclear whether the Belgian government is for or against full public country by country reporting.	Belgium generally has a relatively high number of tax treaties with developing countries, but the average reduction in developing country tax rates through these treaties is low. However, that the average does not show is that several of Belgium's tax treaties with developing countries are 'very restrictive'. There are also clear indications that Belgium's tax treaties have significant negative impacts on the developing countries that sign them. A conservative estimate puts the fiscal cost to 28 developing countries at €35 million in 2012.	The Belgian government does not support the establishment of an intergovernmental UN body on tax.

CZECH REPUBLIC

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
The position of the Czech government on the issue of ownership transparency is ambiguous. On the one hand, the new Czech law is very restrictive in terms of access to information in the Czech beneficial ownership register (in fact, it seems that the definition of the "legitimate interest" is so narrow that in practice it will be inaccessible for the public, no matter if they have a legitimate interest or not). On the other hand, the government seems to recently have changed position and now supports public registers of beneficial owners at EU level, which is a significant and very welcome step forward.	Although the government does not have an official position, the Ministry of Finance has expressed strong skepticism towards the idea of full public country by country reporting.	Compared to the other countries covered by this report, the number of tax treaties between the Czech Republic and developing countries is slightly below average, and the reduction of tax rates through those treaties is slightly above average. The Czech Republic does not have any 'very restrictive' treaties.	The Czech government does not support the establishment of an intergovernmental UN tax body.

DENMARK

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
Denmark has adopted a law which includes the establishment of a public register of beneficial owners of both companies and foundations. Thus, Denmark generally seems in favour of public registers.	The Danish government does not support full public country by country reporting. Instead, Denmark supports the proposal from the European Commission, which would only allow the public to get a partial picture of the activities and tax payments of multinational corporations.	Denmark's number of treaties with developing countries is below average, while the reduction of the tax rates in developing countries through those treaties matches the average among the countries covered by this report. However, what the average number does not show is that Denmark has several specific treaties which are very restrictive, and include strong limitations on the taxing rights of the developing countries which are signatories.	The Danish government does not support the establishment of an intergovernmental UN body on tax.

FINLAND

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
Finland has not yet introduced a register of beneficial owners. However, the government has in a recent draft bill proposed that the upcoming register should be made public.	Finland has been progressive by introducing public country by country reporting for state-owned companies. However, the reporting requirements include loopholes that allow companies to determine which data to include, and the resulting reports have important shortcomings. Despite evident shortcomings, the government has not revised the requirements since 2014. Although Finland supports the European Commission's proposal for partial public country by country reporting, the government is not currently supporting full public country by country reporting.	Although Finland has fewer tax treaties than average among the countries covered in this report, the country's tax treaties have a relatively high negative impact on those developing countries that have signed them. This is because Finland's tax treaties with developing countries on average contain relatively high reductions in developing country tax rates.	Despite recognising that decisions on tax have a major impact on developing countries, the Finnish government does not support giving developing countries a seat at the table by establishing an intergovernmental UN tax body.

FRANCE

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
After having introduced a public register of beneficial owners of trusts, France introduced another public register for beneficial owners of companies, and the government seems progressive on the issue. However, at the same time, the French Constitutional Court declared the public register of beneficial owners of trusts unconstitutional.	After having blocked the attempt by the French Parliament to introduce full public country by country reporting in France, the government decided to adopt a strange compromise. However, the French government also promised to work at the EU level for complete public country by country reporting, which is very positive.	Although the French tax treaties with developing countries on average reduce the tax rates less than most other countries covered in this report, France has eight 'very restrictive' tax treaties with developing countries. In total, France also has the highest number of treaties with developing countries among all countries covered by this report.	France has been one of the main blockers of the proposal to establish an intergovernmental UN body on tax.

GERMANY

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
There are signs of rapid and very positive developments in Germany on the issue of public beneficial ownership registers. Previously, the Germany government has worked very actively against this proposal. Now, however, the German Ministry of Finance has announced its intention to introduce a public register in Germany. While citizens will most likely have to pay a fee to access the register, this is nonetheless a major step forward. On the other hand, Germany still allows problematic secrecy arrangements, such as bearer shares.	The German government has previously worked very actively against the adoption of full public country by country reporting at EU level. Germany remains very sceptical, even towards the proposal from the European Commission, which would only introduce partially public country by country reporting.	Germany's tax treaties with developing countries are a cause of concern due to the high number of very restrictive treaties. Also of concern is the fact that Germany's total number of treaties with developing countries is significantly above average.	Germany does not support the establishment of an intergovernmental UN body on tax.

IRELAND

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
The government's position on the issue of public access to beneficial ownership registers is not clear..	The government's position on the issue of full public country by country reporting is not clear.	Of all the countries covered by this report, the Irish tax treaties with developing countries introduce the highest average reductions on the tax rates of their developing country treaty partners. Among the Irish tax treaties with developing countries are three 'very restrictive' treaties.	The Irish government does not support the establishment of an intergovernmental UN tax body.

ITALY

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
Italy has not yet transposed the 4th Anti-Money Laundering Directive and the government's position on the establishment of public registers of beneficial owners is unclear.	The Italian government has signed a commitment to global public country by country reporting, but this has not been followed up with concrete next steps, and the government's position on introducing full public country by country reporting in the EU is unclear.	Although the Italian tax treaties with developing countries on average reduce the tax rates less than most other countries covered in this report, Italy and the UK are the countries that have the highest number of 'very restrictive' tax treaties with developing countries.	Italy does not support the establishment of an intergovernmental UN body on tax.

LATVIA

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
As part of Latvia's upcoming implementation of the 4th Anti-Money Laundering Directive, the government plans to have very strong limitations on access to the information. In fact, it is not even clear that all individuals who can show a 'legitimate interest' will be allowed access, despite this being a requirement of the EU directive.	The Latvian government supports the European Commission's proposal for partially public country by country reporting, but not full public country by country reporting.	Although Latvia has relatively few tax treaties with developing countries, these have a relatively high negative impact on those developing countries that have signed them. This is because Latvia's tax treaties with developing countries on average contain relatively high reductions in developing country tax rates.	The position of the Latvian government on the issue of establishing an intergovernmental UN tax body is unknown.

LUXEMBOURG

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
According to the Financial Secrecy Index, Luxembourg has the highest level of financial secrecy of all the countries covered by this report (and ranks at number 6 at the global level). The government's position on the issue of public registers of beneficial owners is unclear.	The government of Luxembourg has not taken a clear position for or against full public country by country reporting.	Although not unproblematic, the Luxembourg tax treaty system gives fewer reasons for concern compared with the other countries covered by this report, since Luxembourg's amount of treaties with developing countries, as well as the average reduction of the tax rates in developing countries, are both significantly below average among the countries covered by this report.	The government of Luxembourg is undecided on the issue of establishing an intergovernmental UN body on tax.

NETHERLANDS

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
While the plans are not yet finalised, the Netherlands has made the welcome announcement that it intends to establish a public register of beneficial owners. Although the registry will have some restrictions, the Netherlands generally seems in favour of transparency around beneficial owners.	The Dutch government is generally in favour of full public country by country reporting, but has proposed to give multinational corporations the option to 'comply or explain'.	The government states that it is willing to accept higher tax rates in its treaties with developing countries than otherwise. However, a recent report by ActionAid found that the Netherlands currently has some extremely restrictive tax treaties with developing countries, which make it difficult for those developing countries to collect taxes. Netherlands generally also has more tax treaties with developing countries, and is more aggressive in negotiating the lowering of tax rates in developing countries, than the average among the countries covered in this report. In addition, the government does not levy withholding taxes on outgoing payments to tax havens, which would be an effective anti-abuse measure that would not require lengthy treaty renegotiations.	The Dutch government does not support the establishment of an intergovernmental UN body on tax.

NORWAY

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
The Norwegian government has announced its intentions to present a proposal for introducing public registers of beneficial ownership in Norway.	The Norwegian government is considering the option of public country by country reporting, and the issue is being debated intensely in Norway at the moment. However, it is still not clear what the outcome will be.	Norway has a high number of 'very restrictive' tax treaties with developing countries.	Norway has previously been a champion on the issue of establishing an intergovernmental UN tax body. However, the position of the government is currently unknown.

POLAND

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
The government is opposed to public registers of beneficial owners at EU level, and therefore presumably also at national level.	The government supports the proposal on partially public country by country reporting that has come from the European Commission, but it is unknown whether the government would be willing to accept full public country by country reporting.	Poland has a significant number of 'very restrictive' tax treaties with developing countries.	The Polish government has not provided a position on the issue of establishing an intergovernmental tax body under the UN.

SLOVENIA

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
Slovenia has now established a public register of beneficial owners of companies and other legal structures that can generate tax obligations in Slovenia. There is room for improvement, in particular as regards allowing full electronic analysis of the data (by ensuring that it is available in an open data format) and allowing the public full access to the data needed to determine beneficial owners with certainty. Nonetheless, the establishment of the public register is a step forward.	Slovenia does not support full public country by country reporting. Instead, Slovenia supports the proposal from the European Commission, which would only allow the public to get a partial picture of the activities and tax payments of multinational corporations.	Although Slovenia has a low number of tax treaties with developing countries, the treaties that are in place reduce withholding tax rates in developing countries by 3.7% which, although slightly below average, is not insignificant. It is also of concern that Slovenia plans to negotiate further treaties with developing countries based on the OECD model (which can damage developing countries' interests), and is not planning to conduct a spillover analysis to assess the potential harmful impacts.	The position of the Slovenian government on the issues of establishing an intergovernmental UN body on tax has previously been positive, but is currently unknown.

SPAIN

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
On the issue of public registers of beneficial owners of companies and trusts, the position of the Spanish government is unclear. Spain does not have particularly high levels of financial secrecy.	The Spanish government states that it does not oppose full public country by country reporting in the EU, but underlines that the impact would be greater if this was agreed at the global level.	Among all the countries covered by this report, Spain has on average been the second most aggressive negotiator when it comes to lowering developing country tax rates through tax treaties. Spain also has a relatively high number of tax treaties with developing countries, which gives even more reason for concern.	The Spanish government has not taken a position on the proposal to establish an intergovernmental UN tax body.

SWEDEN

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
Sweden has previously been against public registers of beneficial owners, but is currently undecided as to whether or not to allow public access to beneficial ownership information in Sweden.	Sweden is against full public country by country reporting, and is even against the European Commission's proposal for partially public country by country reporting.	Sweden has four 'very restrictive' tax treaties with developing countries.	The Swedish government does not support the establishment of an intergovernmental UN body on tax.

UNITED KINGDOM

TRANSPARENCY	REPORTING	TAX TREATIES	GLOBAL SOLUTIONS
The UK has been a true frontrunner by creating a public register for beneficial owners of companies. However, the UK has not used the powers it has available to increase transparency in the Overseas Territories and also been opposed to increased transparency around the owners of trusts. It remains to be seen what position the new UK government will take on the issue of trusts.	The UK is now supportive of public CBCR, but wants to proceed on a multilateral basis.	Together with Italy, the UK has the highest number of 'very restrictive' tax treaties with developing countries. On average, the UK's tax treaties with developing countries contain relatively high reductions in developing country tax rates. The fact that the UK at the same time has the second highest number of treaties with developing countries gives even more reason for concern.	Following the change of leadership and ministers in the UK, no statements have been made in relation to the establishment of an intergovernmental UN tax body.

Recommendations to governments and EU institutions

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

1. Adopt registers of the beneficial owners of companies, trusts and similar legal structures, which are in an open data format that is machine readable and fully accessible to the public without conditions. At 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.
2. Adopt full country by country reporting for all large companies 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,[206] but crucially it should be made public and should cover all companies that meet two or all of the following three criteria: i) balance sheet total of €20 million or more; 2) net turnover of €40 million or more; 3) average number of employees during the financial year of 250 or more. At EU level, governments and EU institutions should support the adoption of public country by country reporting for all sectors, and ensure that multinational corporations provide data that is disaggregated on a country by country level for all countries where they are present. The upcoming negotiations about a directive on public country by country reporting provides the key opportunity for real, full and public country by country reporting to be introduced in the EU.
3. Carry out and publish spillover 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 policies and practices that have negative impacts on developing countries.
4. Ensure that the new OECD-developed 'Global Standard on Automatic Information Exchange' includes a transition period for developing countries that cannot currently meet reciprocal automatic information 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, developed country governments must commit to exchange information automatically with developing countries by establishing the necessary bilateral exchange relationships.
5. 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.
6. Establish 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 take over the role currently played by the OECD to become the main forum for international cooperation in tax matters and related transparency issues.

7. All EU countries should publish data showing the flow of investments through special purpose entities in their countries.
8. Remove and stop the spread of existing patent boxes and similar harmful structures.
9. Publish the basic elements of all tax rulings granted to multinational companies and move towards a clear and less complex system for taxing multinational corporations, which can make the excessive use of tax rulings redundant.
10. Adopt effective whistleblower protection to protect those who act in the public's interest, including those who disclose tax dodging practices.
11. 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.
12. When negotiating tax treaties with developing countries, governments should:
    - Adhere to the UN model rather than the OECD model in order to avoid a bias towards developed country interests;
    - Conduct a comprehensive impact assessment to analyse the financial impacts on the developing country and ensure that negative impacts are avoided;
    - Ensure a fair distribution of taxing rights between the signatories to the treaty;
    - Desist from reducing withholding tax rates;
    - Ensure transparency around treaty negotiations, including related policies and position of the government, to allow stakeholders, including civil society and parliamentarians, to scrutinise and follow every negotiation process from the inception phase until finalisation, including the intermediate steps in the process.

In general, all countries should show great caution on the issue of tax treaties, in particular when the treaty party is a country that offers financial secrecy or tax benefits to multinational corporations. As an alternative to tax treaties, governments should consider signing tax information exchange agreements (TIEAs), which do not have the same problematic elements as tax treaties.

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