

[en](#)

News | 29.05.2017

How Luxembourg resisted European tax cooperation and made money with its circumvention

Time to ask Mr Juncker some questions

Tax scandals like Offshore Leaks (2013), Lux Leaks (2014), Swiss Leaks (2015), Panama Papers (2016), Bahamas Leaks (2016) and the Malta Files (2017) revealed how worldwide a new business sector of systematic tax evasion and tax avoidance as well as money laundering has emerged over time.

Although the complicity of some European Member States in this game was proven in the European Parliament' inquiries, so far nobody has been held accountable for these scandals. Even "Mister Clean" Jean-Claude Juncker, former Finance and Prime Minister of Luxembourg, refused any responsibility whilst it is generally recognized that Luxembourg issued tailored tax rulings to multinational corporations and thus actively helped to dodge taxes elsewhere.

While recently the story of tax rulings has been widely discussed, the role of Luxembourg and its long-term Finance Minister and Prime Minister in helping individuals to evade taxes on capital income has been widely neglected.

As Mr Juncker is coming to the inquiry committee investigating the Panama Papers on Tuesday 30th of May, the Greens publish a report showing how Luxembourg attempted between 2003 and 2005 to block a very important reform to fight tax evasion: the Savings tax Directive, which would automatically send tax information among Member States. In the end, Luxembourg managed to obtain an important concession: instead of automatically exchanging information, it was authorised to levy a withholding tax deducted from interest earned in Luxembourg, partially passed on to the EU country of residence. The behaviour of Luxembourg was even more detrimental to its neighbours as the Grand Duchy tolerated the creation of a tax avoidance business on its territory helping wealthy individuals to formally move the ownership of their funds into offshore companies located in tax havens and thus escaping the scope of this legislation.

Based on data from the Bank of International Settlements, the Greens aim at identifying how Luxembourg has become an attractive place for individuals willing to circumvent the legislation, which mechanisms were used and provides a conservative approach to quantify the cost of these circumventions.

In addition to presenting some recommendations, especially to the Council of Member States, we will be asking Mr Juncker whether he is willing to take responsibility for these practices and if we is really committed to make tax justice happen in Europe.

Recommended

Press release

<https://www.pexels.com/photo/top-view-of-a-soccer-field-13890306/>



[New anti-money laundering rules victory in the fight a...](#)

24.04.2024

Press release



[MEPs vote to push ahead with “deeply problematic” refo...](#)

17.01.2024

Opinion

Person holding an EU flag in a crowd / CC0 Antoine Schibler



[Why we reject the new fiscal rules](#)

08.12.2023

Press release



[Cyprus Confidential: All EU countries must close looph...](#)

15.11.2023

Responsible MEPs



Sven Giegold

Member

Contact person



Catherine Olier

Team leader - Ecological Transition

Attached documents

[PANA hearing of Jean-Claude Juncker](#)

Please share

[E-Mail](#)

