



Dear Prime Minister Jyrki Katainen,

cc: Finance Minister Jutta Urpilainen

We are writing to you ahead of the EU Heads of State summit 22 May. We are pleased to see that fight against tax havens and tax fraud is high on the agenda of the summit. Having witnessed strong statements from a wide range of EU leaders we have high expectations that the Council will deliver clear commitments and actions that will help put an end to harmful tax practices.

We urge EU leaders to take this opportunity to agree on concrete measures, including

- **multilateral automatic information exchange;**
- **disclosure of beneficial owners through public registries;¹**
- **country-by-country reporting for transnational corporations in all sectors;**
- **a common binding definition of tax havens and effective non-compliance sanctions.**

Tax havens and harmful tax practices are detrimental to both developed and developing countries not only by depriving them of much needed revenues but also by undermining good governance, institutional development and democratic accountability between governments and citizens. Combined, the above measures will significantly help reduce the **one trillion Euros lost to tax evasion and avoidance every year in the EU**. Not least will it be of help and justice to **developing countries that lose much more than they receive in aid, much of this is a result of actions and facilitation by companies, individuals and jurisdictions in or associated with the EU**.

We find the recently strong statements against tax havens, evasion and avoidance made by EU political leaders extremely promising, including:

"I would like to raise three concerns we need to tackle: bank secrecy, corporate secrecy as well as the secrecy between states. In order to grasp the problem of tax evasion, we need more information exchange. Secrets must be uncovered....In order to be effective, we also need naming and shaming. A black list of tax havens would put pressure on those countries that do not participate in the tax information exchange properly. In the EU, we should agree on minimum standards that a country or a territory has to meet in order not to be regarded as a tax haven. This is one concrete step we could achieve together in the EU."

¹ See more information here: <http://eurodad.org/1545261/>

*Jutta Urpilainen, Minister of Finance.*²

Sadly, the ECOFIN council conclusions 14 May did not sufficiently reflect EU political leaders' progressive statements. Whereas the conclusions produced strong rhetoric about the importance of tackling tax evasion and tax fraud, they offered little in the way of concrete action and they delayed important decisions to tackle financial secrecy.³

Cross-border tax fraud and avoidance demands, as the European Commission states, "a strong and cohesive EU stance." Member States have also repeatedly and publicly admitted that unilateral measures against tax evasion will not be enough in a globalised economy and coordinated action at an EU and broader international level is urgently needed. The EU has the opportunity to show that this international cooperation can happen. Alongside other international actors it can lead in establishing new legislation, standards and commitments for the EU, and work with others, especially developing countries, in finding ways to strengthen tax systems and tackle tax fraud everywhere.

A first essential step to help clamp down on the global system of tax havens is to agree on common criteria to identify tax havens. The European Commission recommended this in its 2012 *Action Plan to strengthen the fight against tax fraud and tax evasion*.⁴ Unlike previous failed attempts, these criteria must be binding and comprehensive, and at minimum combining: features of secrecy of banks and legal entities; non-cooperation; and harmful tax measures.

To be effective, EU leaders should publish a European blacklist of any non-cooperative jurisdictions based on the objective use of these criteria. Non-cooperative jurisdictions should face automatic counter measures applied by all Member States. Sanctions should also apply to companies that do not comply with the EU tax standards.

We have seen from yours and your peers across Europe's statements that EU Member States are united on this issue. Thus, when meeting in Brussels next week, the EU Heads of States have no excuse for failure. You must all take up this task, go further than the Ministers of finance and promise, and deliver, concrete action. Failure to put in place transparency measures and sanction misbehaviour will not be accepted by EU citizens and tax payers, who are facing a severe economic crisis, high unemployment and dramatic cuts in public spending. For developing countries, unable to meet the Millennium Development Goals due to the billions lost to illicit financial flows every year, concrete actions against tax havens is an urgent necessity.

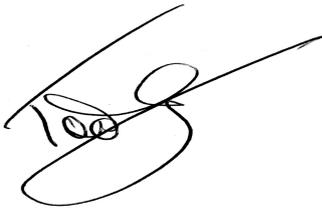
We urge Finland to support the European Union in leading the world on fair and full tax compliance and achieving concrete binding results at the European Council on 22 May.

² Speech by Minister Urpilainen at Tax Event in Helsinki 29.4.2013 ([http://www.vm.fi/vm/en/04_publications_and_documents/03_documents/Urpilainen_speech_Tax_Event_2013-04-29_\(4\).pdf](http://www.vm.fi/vm/en/04_publications_and_documents/03_documents/Urpilainen_speech_Tax_Event_2013-04-29_(4).pdf))

³ See the European Network on Debt and Development's (Eurodad) analysis of the ECOFIN conclusions here: <http://eurodad.org/1545339/>

⁴ C(2012) 8805 final. See http://ec.europa.eu/taxation_customs/resources/documents/taxation/tax_fraud_evasion/com_2012_722_en.pdf

Sincerely,



Timo Lappalainen
Executive Director
The Finnish NGO Platform Kepa



Kepa is the umbrella organisation for Finnish civil society organisations (CSOs) and represents more than 300 members.



Eurodad is a network of 48 non-governmental organisations (NGOs) from 19 European countries working on issues related to debt, development finance and poverty reduction.