



# ***Madariaga Foundation Conference: "How to cope with tax havens?"***

## ***An EU perspective***

**Walter DEFFAA, Director General  
DG Taxation and Customs Union  
European Commission**

**24 June 2009**



## ***Governments' Attitudes & Public opinion changed***

- Recent scandals/events
- Financial and economic crisis
- 2 April 2009 : G20 / OECD - commitments
- Public finances under pressure



## ***Non-cooperative Jurisdictions:***

### **Undermine**

- Effectiveness of taxation, and
- Equity/fairness

### **Pose a challenge for international governance**

- Administrative cooperation
- Minimal rules



## ***Actions at EU level***

- 1977 : **Mutual Assistance Directive** (exchange of information)
- 1997 : **Code of Conduct** for business taxation (fair tax competition)
- 2003 : **Savings Directive** (automatic exchange of information; transitional period for AT, BE, LU)
- 2001 to 2006 : several **Commission Communications** promoting policy coherence, consistency, tax cooperation and good governance in the tax area
- 2008 : ECOFIN 14th May 2008 : **Conclusions** on good governance: **transparency, exchange of information and fair tax competition – and most recently.....**



## ***Good (Tax) Governance – Communication April 2009***

Good Governance Principles:

- Transparency
- Exchange of information
- Fair tax competition



## ***Good Governance Communication Action within the EU***

**Legislative** proposals on:

- Savings taxation – plugging loopholes
- Administrative cooperation – no bank secrecy for non residents
- Mutual assistance in the recovery of taxes

**Code of Conduct** on Business Taxation



## ***Good Governance Communication Action Beyond the EU***

- Savings Taxation:
  - Update agreements with Liechtenstein, Switzerland, Andorra, San Marino and Monaco. New with Norway
  - Update agreements with UK and NL dependent and associated territories
  - Extend to Hong Kong, Singapore and Macao
- Antifraud and tax cooperation agreements with LI and 4 other non-EU European countries
- EU Development policy: Incentives under the 10th EDF
- Good Governance provisions in third country agreements



## ***Good Governance Communication Conclusions***

- the deepening of economic relations goes together with international cooperation in the tax area
- the EU is determined to improve good governance internally and with its partners
- bank secrecy and non-cooperation: no future!





## ***Latest: ECOFIN Conclusions – 9-6-09***

- ***Progress on***
  - Political agreement on key points for savings directive
  - Administrative co-operation
  - Recovery directives
  - To be finalised in autumn 2009
- **Commission to**
  - Present results on negotiations of anti-fraud agreements with Lichtenstein
  - Propose mandates for similar agreements with CH,AD,SM,MC
  - Start consultation on updating savings taxation agreements with 5 European non-EU countries



## ***Outlook***

- Unique window of opportunity- must maintain momentum
- EU supports actions at international level (OECD, G-20)
- European Commission and ECOFIN fully engaged
- „Action speaks louder than words“!