

Strasbourg, 21 May 2013

To: Heads of State or Government of the EU Member States
President of the European Commission
President of the European Council

On the 22nd of May 2013, the European Council will discuss tax policy, with a particular focus on how to improve the efficiency of tax collection and best tackle tax evasion and fraud. Indeed, one of the main problems affecting the EU and several EU Member States today is the lack of sufficient financial and fiscal resources to invest in the economies and job creation and to deliver to citizens even the most basic services and infrastructure they expect and deserve.

Tax evasion, tax avoidance and corruption are a reality and they have been protected and promoted by tax havens and money laundering financial centres, including those existing in EU Member States. These activities are severely undermining governance in the EU by covering up criminal activities and obstructing fiscal justice.

Unfortunately, despite unanimous calls for the approval of the revision of the EU's tax savings directive to effectively tackle tax evasion through a system of automatic exchange of information within the EU and with third countries, European Union finance ministers failed to agree tougher rules on tax evasion in the last ECOFIN meeting. **I thus call on you, now, to overcome political reservations and take this strong step towards improving automatic exchange of information in the EU.** This will also further promote automatic exchange as a new global standard. Having this system fully in place, along with more transparency regarding beneficial ownership of opaque entities which, I hope, will be agreed throughout the revision of the Anti Money Laundering Directive, will provide strong tools to fight corruption and tax evasion. I welcome, in this regard, the announcement by Commissioner Semeta of forthcoming proposals to extend automatic exchange to dividends, capital gains and royalties.

I also welcome finance ministers' decision to grant the Commission a mandate to negotiate stricter bank transparency agreements with Switzerland, Liechtenstein, Andorra, Monaco and San Marino. I am concerned, however, that automatic exchange of information with these countries, especially with Switzerland, while helpful, will not suffice to tackle the impunity haven that this country still represents.

Switzerland, one of the world's biggest secrecy jurisdictions, ranking 1st in the 2011 Financial Secrecy Index, is home to about a third of the world's offshore private wealth – a whopping US\$ 2 trillion¹. Allegedly, most of the assets in Switzerland are not in cash/liquid assets (and even most of the cash/liquid assets are in omnibus accounts or allocated gold deposits in the name of a Swiss entity or a Swiss national). Given the complexity of the system set up by Switzerland to hide foreign wealth, I have signed and supported the petition #TruthCH², demanding to the EU institutions the creation of an Independent Truth and Justice Commission on Switzerland to investigate its role in political corruption and tax evasion, which has already been signed by 27 thousand EU citizens.

I call on you to act in this regard and set up an Independent Truth and Justice Commission. The Commission shall investigate international tax havens, secrecy jurisdictions and aggressive tax avoidance in a thorough and independent manner. The Commission shall provide a full report on the mechanisms these countries use to hide foreign wealth and conceal illicit sources of money. It shall also set out

¹ <http://www.secrecyjurisdictions.com/PDF/Switzerland.pdf>

² <https://www.change.org/petitions/the-citizens-demand-actions-against-corruption-and-the-secrets-hidden-by-switzerland>

recommendations and provide solutions to end these misuses of international capital mobility.

It is our obligation as representatives of all 500 million Europeans to act, investigate the truth and prosecute all criminally responsible as they are not only undermining our economies with their secret cross border financial services but are also eroding our democracy by hiding corrupt and illegal assets. This has been the case for too many decades and we cannot remain indifferent.

Best regards,

Ana Gomes
Member of the European Parliament