Questions to Commissioner Pierre Moscovici - TAXE 17/02/16

1. As reported by the press late last year, major companies mostly in the oil and energy sector, but also pension funds and banks, with shell companies in the Free Zone of Madeira, Portugal, were recipients of major tax benefits granted by the Portuguese State. In the Free Zone of Madeira, companies enjoy a corporate tax of 5% instead of 25%. In total, 16494 companies benefitted from tax breaks, corresponding to a loss of income to state in the amount of one billion euros. These companies are employing very few residents, if any, and the ways through which they received tax breaks are not clear or transparent. I intend to write to Commissioner Vestager requesting an investigation on whether these tax breaks amount to illegal state aid, but why does the Commission remain silent with regard to these deals and the persistence of offshore jurisdictions in the EU after the Luxleaks scandal? This is all the more worrying having in mind that the legislation agreed by Council on the automatic exchange of information concerning tax rulings may not cover many of these deals, which imply companies established only in one Member State and a third country.

2. In the context of the approval of the national budgets for 2016, why hasn't the Commission tried to foster tax equity in the budgets of the State in order to mitigate the cuts in essential public services and reduce the tax burden on the poor and the middle classes, ensuring that more revenue is collected from those most can afford? The Commission, in its public statements, often shows concern with the lack of so-called reforms, which to a great extent imply cuts in public services and tax raises for common citizens. However, in Portugal, for instance, it was recently publicized by a former Director General of the Portuguese Tax Authority (2007-2014) that the richest families in the country, which should contribute 25% of state revenues in income tax, contribute only 0.5%, thanks to tax benefits and exemptions granted in full opacity. Why hasn't the Commission taken this kind of information to defend average citizens in fostering the reforms that the Member States really need, for greater tax justice and transparency? If we continue this way, no wonder that citizens are turning against Europe.

3. In the Theurer-Ferreira report, Parliament requested the Commission to restrict the deduction of royalty payments to related corporations from the corporate income tax base payments as a way to counteract intra-group profit shifting and called on the Commission to present a legislative proposal to that effect, for instance through the revision of the Parent-Subsidiary and Interest and Royalties Directives. Could you give us an update on that?