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Mr. Pierre Moscovici

Commissioner for Economic and Financial Affairs, Taxation and Customs

Brussels, 15 July 2016

*Cher Pierre,*

I was baffled by your reply of 09-06-2016 to my letter concerning taxation in Portugal by which I call your attention to the tax benefits and exemptions granted to multinational corporations under opaque terms, mostly from shell subsidiaries based in the Free Zone of Madeira.

You invoke a series of developments in Portugal targeting fraud and tax evasion in a general manner, but these affect mostly small taxpayers and small and medium enterprises. Besides, the information that I have is that both the UGC (Unidade de Grandes Contribuintes) and the DSIFAE (Direção de Serviços de Investigação da Fraude e de Ações Especiais), both units at the National Tax Authority which are supposed to target contributions from big taxpayers, are not operational, not due to lack of means, but due to absence of guidance and an action plan from the political leadership in the years 2011 - 2015.

I welcome the work that the European Commission has carried out to combat tax fraud and avoidance, which will hopefully bring more clarity and transparency in this field, certainly meaning greater tax justice, not only in Portugal but in all EU Member States.

However, the matters that I brought to your attention do not concern, as you say "particular issues outside the control of Portuguese authorities, e.g. tax havens and specific legal constructions". They concern the way in which the Portuguese State has been granting major tax breaks to multinational companies, many of them through the use of subsidiaries in Madeira Free Zone - which is a EU jurisdiction under the control of the Portuguese government. It is striking, therefore, that you mention that your services do not have information that corroborate my claims, despite the fact that I provided you with the information and identified my source - the Portuguese government itself, via data published on the tax benefits and exemptions granted to companies.

Ana Gomes

European Parliament

[anamaria.gomes@ep.europa.eu](mailto:anamaria.gomes@ep.europa.eu)



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I regret to conclude that the European Commission is, on one hand, so intrusive and punitive in matters concerning fiscal rules and compliance by Portugal, as sanctions threatened now for a 0.2% deviation (350 million EUR) of the fiscal target, on the other hand chooses not to intervene and find out why the Government of Portugal brought in a loss of state income in the amount of over one billion euros in tax breaks for reasons which are not transparent at all. Such double standards trigger a negative - and quite dangerous - perception among citizens, not only about the Commission, but about the EU as a whole. No wonder, thus, that so many are falling for populism and euroscepticism.

I urge the European Commission to reconsider its position and do its job, asking specifically the Portuguese authorities for all data regarding the criteria under which tax exemptions and benefits have been granted in the years since the Troika intervened in Portugal - 2011 onwards.

*With best regards,*

Ana Gomes

Member of the European Parliament