



## CHELGATE INTRODUCTORY GUIDE

### SPECIAL COMMITTEE ON TAX (TAXE3)

During the EP mini plenary session of 14 March 2018 in Strasbourg, MEPs approved the composition of the new special committee on financial crime, tax evasion and avoidance (TAXE3). This special committee could have potentially wide-ranging legislative ramifications including and will seek to investigate, among other things:



- The progress made by EU Member States in the fight against harmful tax practices allowing tax avoidance and/or tax evasion that are harmful to the functioning of the European Single Market
- Evaluate the impact of VAT fraud and administrative cooperation rules in the EU
- Contribute to the evaluation of tax evasion and tax avoidance related to the digital economy
- Analyse and assess the third-country dimension in financial crimes, tax avoidance and tax evasion practices, including the impact on developing countries

#### WHAT IS A EUROPEAN PARLIAMENT SPECIAL COMMITTEE?

Special committees are set up on an ad hoc basis when the European parliament believe there is an urgent issue falling within their purview which needs to be addressed. Special committees are mandated to investigate such issues for a limited time (normally 12 months) and report back to the parliament with a report and recommendations after this period.

#### WHY HAS THIS SPECIAL COMMITTEE BEEN FORMED?

Because of the so-called 'Paradise Papers'. The creation of TAXE3 within the European Parliament is a response to the recent leaks and will seek to follow-up on the PANA Special Committee recommendations, in light of the new information brought to light from the Paradise Papers.

#### WILL TAXE3 LOOK BEYOND TAX AND MONEY LAUNDERING?

Yes. Citizenship schemes, Consolidated Corporate Tax Rates and new Digital Taxes are just some of the topics the special committee will seek to investigate in order to make recommendations.

#### COULD THE TAXE3 SPECIAL COMMITTEE RESULT IN LEGISLATIVE CHANGES?

Yes. The TAXE3 special committee will report back in March 2019 with their final report and recommendations to be voted by the European Parliament in plenary. These recommendations will then be discussed by the Commission and Council.

#### DOES THIS MEAN TAXE3 COULD ALTER THE ANTI-MONEY LAUNDERING DIRECTIVE (AMLD IV)?

Yes. If the special committee make broad recommendations concerning anti money-laundering regulations then this could naturally seek to alter the current AMLD IV, or even begin discussion over potential remits of ALMD V.

#### WILL TAXE3 RECOMMEND NEW DIGITAL TAXES?

Potentially. The TAXE3 special committee will seek to advance the recent work of the European Parliament's ECON Committee on a digital tax and Corporate Consolidated Corporate Tax Base.



## TAXE3 SPECIAL COMMITTEE

Membership						
						Other
CASA David de LANGE Esther FERBER Markus FERNANDES José Manuel KARAS Othmar KARINŠ Krišjānis LANGEN Werner MUREŞAN Siegfried NIEDERMAYER Luděk ROSATI Dariusz SALAFRANCA SÁNCHEZ-José SALINI Massimiliano SANDER Anne VANDENKENDELAERE Tom	BAYET Hugues DELVAUX Mady GILL Neena GOMES Ana GUALTIERI Roberto JÁUREGUI ATONDO Ramón KOFOD Jeppe MAUREL Emmanuel PAVEL Emilian REGNER Evelyn SIMON Peter TANG Paul	MACOVEI Monica OŹÓG Stanisław RUOHONEN-LERNER Pirkko ZĪLE Roberts	JEŽEK Petr KLINZ Wolf MICHEL Louis TORVALDS Nils	GIEGOLD Sven JOLY Eva SCOTT CATO Molly	CARTHY Matt MATIAS Marisa URBÁN CRESPO Miguel	COBURN David FINCH Raymond BORGHEZIO Mario KAPEL Barbara ZARIANOPO ULOS Sotirios

### HOW WILL TAXE3 SEEK TO INVESTIGATE?

Loudly. EP special committees in recent years have garnered a great deal of media attention and far more than normal European parliamentary committees could ever hope. This is because they are created in response to gross breeches or manipulation of EU law. Such issues naturally attract greater media attention and have normally already dominated news cycles. Recent examples include the EMIS Special Committee, which was set up in response to the VW emissions rigging scandal; and the newly-formed PEST Special Committee, which was formed in response to the 'Monsanto Papers' leak.

### CHELGATE ANALYSIS

With MEPs in election mode and the European Commission seeking to ensure a smooth and successful final 18-months of the Junker mandate, this special committee could have potentially profound consequences. The European Parliament, emboldened by recent successes emanating from the EMIS and PANA special committees, are more likely to make bold, dramatic legislative proposals within the TAXE3 final report in 2019.

As such, the special committee could have an important role to play in the designing of a future EU digital tax to be and the level to which corporation tax falls under the domain of the EU Institutions, in the guise of single market regulation. Additionally, there will likely be major legislative proposals concerning the amending of the anti-money laundering regulations and the role of new digital technologies.