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EU tax haven blacklist needs transparency to succeed

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Today, the adoption of the first EU blacklist of tax havens is a welcome step and a useful tool to incentivise tax havens to reform towards more transparency in their tax and financial systems, according to Transparency International EU. However, the process leading to the creation of this list has been very opaque and politicised and following its adoption there needs to be a robust and consistent monitoring process, according to the anti-corruption group.

The final blacklist includes 17 jurisdictions[1], many of which were exposed in recent scandals, such as the Panama Papers and the more recent Paradise Papers. The publication of this list is the culmination of a year-long process, and has seen EU Member States engaging with over 90 third-country jurisdictions on their tax-related legal frameworks.

The creation of this list has been highly secretive and it has been very difficult to get any information on how the blacklisting process has been conducted.

"For this blacklist to be effective, the EU Council needs to be transparent about the selection process by disclosing how it screened jurisdictions, as well as the minutes and documents of the negotiations between the EU and the territories which went through the screening process," said Elena Gaita, Policy Officer for Corporate Accountability at Transparency International EU.

"The EU needs to make public the commitments made by the countries that have not been blacklisted and have currently been placed on the EU's 'grey list'," Gaita continued. *"A key commitment should be the adoption of legislation on public registers of beneficial ownership,"* Gaita concluded.

For the EU's blacklist to be exhaustive and consistent, it must be accompanied by strong and dissuasive sanctions as well as by a regular monitoring process. Its aim will be to ensure that the blacklist is actively updated in order to respond to changes in legislation in other jurisdictions and monitor progress in countries currently on the list.

EU countries must also ensure that they commit to fully public registers of beneficial ownership, so that it will no longer be possible to take advantage of the current secrecy in Europe and abroad to hide illicit wealth.

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[1] Samoa, Bahrain, Barbados, Grenada, Guam, South Korea, Macao, Marshall Islands, Mongolia, Namibia, Palau, Panama, St. Lucia, Trinidad and Tobago, Tunisia, United Arab Emirates, and American Samoa.

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TRANSPARENCY INTERNATIONAL EU
For further information please contact:

ALEX JOHNSON
Communications Officer
+32 485 89 08 25
ajohnson@transparency.org

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