



Fair global tax rules **Adopted by the PES Presidency of 25 June 2021**

The PES has long been calling for tax fairness and a reform of the global taxation rules, which are clearly outdated. With the coronavirus pandemic, an effective taxation system has become even more important. Governments worldwide need to collect revenues to fund their health systems, and to repair the social and economic inequalities which the Covid-19 crisis has exacerbated. However, ordinary citizens should not pay for this crisis while the most well-off are allowed to contribute minimally, if at all.

In the digital economy, the dissociation between physical presence and revenue-generation has made it possible to dominate a country's market without having a single employee there. This lack of physical presence, coupled with outdated regulations from the 20th century, have allowed multinationals to shift their profits towards low-tax jurisdictions in order to minimise their tax contributions. Aggressive tax planning has become the norm. We welcome the ongoing work of our ECOFIN Ministers, with Olaf Scholz as chairman of the network, to reach an agreement at OECD level with the support of our family in the S&D Group of the European Parliament and at national level. The recent position of the new US administration to call for a minimum effective global tax rate, and their plan to make the largest companies pay tax in markets where they operate, further contribute to this important international dynamic, which aims to reach an agreement by the summer of 2021. We call upon European countries to aim for a sufficiently high minimum tax rate, so we can reverse – and not merely halt – the race to the bottom. In case that no agreement is reached, European Commissioner for Economy Paolo Gentiloni has made clear the EU Commission would work on a European alternative. We stand by that decision: we as PES stand for fairness, and the principle that those who are most well-off are not exempted from the obligation of solidarity.

As PES, we want to reiterate the following fundamental principles:

- everyone must pay their fair share, including multinational enterprises operating in the EU and the superrich, especially digital companies which have benefited from the current crisis.
- fair taxation will contribute to paying down the debt from the pandemic, including via new own resources to repay for Next Generation EU.
- we want all profits be taxed fairly, including through a digital levy. we want to put a stop to this global race to the bottom which undermines social security systems and public investment national policies at all levels and subsidises tax havens. We want tax justice and will continue to lead the fight for the eradication of tax havens, tax evasion, tax avoidance and aggressive tax planning.
- we defend an inclusive multilateral agreement as the best way forward. The efforts at OECD level can find a solution not only to tax the digital economy, but also to create new global corporate tax rules. This is a historic opportunity to make globalization fairer for the many.



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- we therefore call on all Governments to step up their actions in a united and coordinated manner and towards an EU response to regulate the activities of multinationals, starting with a clear and sustainable tax framework that takes into consideration both the developed and developing countries.
- we must use the opportunity for transformation brought by the European recovery plans to generate sustainable development and increase social standards.

Citizens are well aware that multinationals are not paying their fair share of taxes, and tax scandals worldwide have made it obvious change is needed now. Tax justice has been high on our political agenda, and now we demand a fair solution for all.