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### **Council Resolution of 10 February 1975 on the measures to be taken by the Community in order to combat international tax evasion and avoidance**

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COUNCIL RESOLUTION of 10 February 1975 on the measures to be taken by the Community in order to combat international tax evasion and avoidance

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the communication of 22 November 1974 from the Commission on the problem of international tax evasion and avoidance;

Whereas practices of tax evasion and tax avoidance reaching beyond national borders of Member States lead to budget losses, violations of the principle of fiscal Justice and distortions of capital movements and of conditions of competition;

Whereas the international nature of the problem means that national measures, whose effect does not extend beyond State boundaries, are insufficient;

Whereas several national tax administrations are already collaborating to this end on the basis of bilateral agreements and whereas such collaboration both within the Community and with third countries should be strengthened and adapted to new forms of tax evasion and avoidance;

Whereas care must be taken to ensure that information exchanged in such collaboration is not disclosed to unauthorized persons, to safeguard within Member States the basic rights and procedural guarantees of citizens and undertakings and to take account of the requirements of those States to preserve secrecy in certain matters. The Member States receiving such information must undertake to use it only for the purpose of making correct assessment for taxes on income or profits or to support a prosecution for failure, by the person concerned, to observe the fiscal law of the receiving State. It must also afford to the information the degree of confidentiality which it had in the State from which it arose;

Considers that it is desirable for action to be taken initially on the points set out below: (a) the mutual exchange between Member States, whether on request or not, of all information that appears to be of use for making correct assessments for taxes on income or profits, and in particular of information in every case where there appears to be artificial transfer of profits between undertakings in different countries, or where transactions are carried out between undertakings in two Member States through a third country in order to obtain tax advantages, or where the tax has been or may be evaded for any reason whatever;

(b) the need, in order to make this exchange of information more effective, to study possibilities of harmonizing the legal and administrative means available to tax administrations for collecting information and exercising their rights of investigation;

(c) the carrying out of investigations, for making correct assessments for taxes on income or profits, by one State, in compliance with national laws, on behalf of another when the latter State requests it to do so;

(d) the study of the possible provision of facilities for officials of one State to assist within another State in the work of establishing and exploiting facts that will be of use for making correct assessments for taxes on income or profits owed in the first State;

(e) the collaboration with the Commission necessary for the permanent study of cooperation procedures and the exchange of experience in the fields considered, and in particular in the field of artificial transfer of profits within groups of undertakings, with the aim of improving them and of preparing regulations suitable for the Community.

Takes note that the Commission will, within the scope of its powers, take appropriate steps in this sector.