



HORIZON
2020

Combating Fiscal Fraud and Empowering Regulators

Results in Brief

[DE](#) [EN](#) [ES](#) [FR](#) [IT](#) [PL](#)

Empowering regulators to combat fiscal fraud

A researcher at Utrecht University in the Netherlands is helping regulators prevent corporate tax fraud and put unpaid taxes back into the public coffers.



Every year, tax avoidance, tax evasion and money laundering activities keep up to an estimated EUR 15 trillion out of the public coffers. Unfortunately, for far too long, a lack of international policies and regulations meant this money was able to circulate free of any consequences. But with the financial crisis of 2008 and the subsequent need for countries to quickly raise revenues, this began to change.

Since 2008, a number of new policy reforms aimed at combating tax evasion have been implemented. As these reforms represent a sea change in tax policy and the EU fiscal regime, it is essential that all stakeholders have a clear understanding of what's required, what works, and what doesn't.

To help, the EU-funded **COFFERS** project developed a framework for better understanding the current state of affairs, gauging the traction of regulatory innovation, identifying the trajectory of system change, and remedying deficiencies in EU fiscal policy.

"Our ultimate goal was to bring unpaid taxes back into the public coffers," says Brigitte Unger, a professor at [Utrecht University](#) and COFFERS project coordinator.

Identifying the loopholes

To accomplish this goal, researchers studied the effectiveness of international tax reforms at reducing tax avoidance, tax evasion and money laundering. They also estimated the amount of unpaid taxes and provided policy-makers with recommendations for closing loopholes in the international tax system.

One of the key findings was that when it came to reducing tax evasion, the **Automatic Exchange of Information** was an effective international policy reform. However, while the US does not participate in the reform, Europe is still required to provide information about the finances of US citizens. "This lack of reciprocity creates loopholes for Europeans and incentives to place their money overseas," explains Unger.

Speaking of loopholes, the project also noted the negative effect that such national policies as 'golden visas' have on financial compliance. "With very little money, people can buy a golden passport in Malta, Cyprus or other jurisdictions and essentially escape from the exchange of fiscal information," says Unger.

Another loophole is ‘freeports’. “Freeports were meant to allow goods to be brought in from foreign countries without paying duty so long as they were going to be exported again,” observes Unger.

“However, because they are excluded from existing regulations, they are now used to permanently store money, art and wealth in places like Switzerland and Luxembourg.”

Simply follow the money

According to Unger, many of these loopholes are exploited by multinational tax consultancies that make their living by advising on aggressive tax planning. “These same advisers also play the role of regulators and auditors, a potential conflict of interest that must be made transparent,” she notes.

What can be done to close these loopholes? The COFFERS project recommends that regulators create public registries of ultimate beneficial ownership. “If one knows who stands behind complex international corporations, trusts, partnerships and foundations, one can simply follow the money,” adds Unger.

To help regulators create such a registry, COFFERS has developed a number of tools, all of which are available on the [COFFERS website](#).

Keywords

COFFERS, tax avoidance, tax evasion, money laundering, tax policy, EU fiscal policy, Automatic Exchange of Information

Project Information

COFFERS

Funded under
H2020-EU.3.6.1.1.

Grant agreement ID: 727145

Overall budget
€ 4 986 989,75

[Project website](#) ↗

Status
Closed project

EU contribution
€ 4 986 989,75

Start date
1 November 2016

End date
31 January 2020

Coordinated by
UNIVERSITEIT UTRECHT
Netherlands

Discover other articles in the same domain of application



The Archiver Request for Tender is extended to 28 April, 4PM Geneva Time. Submit your bid! ARCHIVER ARCHIVING AND PRESERVATION FOR RESEARCH ENVIRONMENTS

NEWS

NEW PRODUCTS AND TECHNOLOGIES

ARCHIVER Tender deadline extended to 28 April



31 March 2020



EXIMIOUS team photo

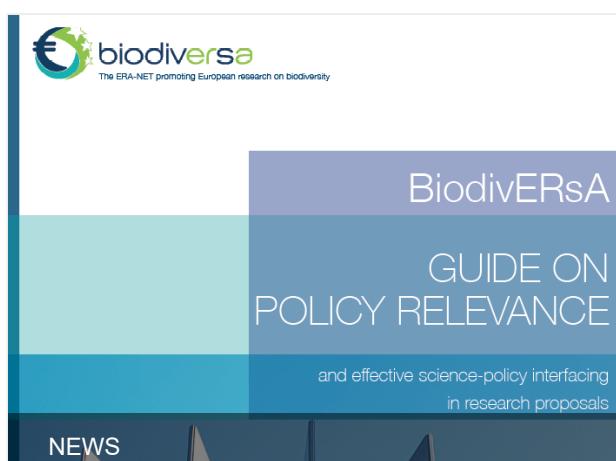
NEWS

SCIENTIFIC ADVANCES

EXIMIOUS: how does the environment affect our health?



18 February 2020



biodiversa
The ERA-NET promoting European research on biodiversity

BiodivERsA
GUIDE ON
POLICY RELEVANCE
and effective science-policy interfacing
in research proposals

NEWS

POLICY MAKING AND GUIDELINES

BiodivERsA Policy Guide



17 July 2020

Permalink: <https://cordis.europa.eu/article/id/418461-empowering-regulators-to-combat-fiscal-fraud>

© European Union, 2020