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Chairman of the Special Committee on Tax Rulings and  
Other Measures Similar in Nature or Effect (TAXE)

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**Interparliamentary meeting to be held by the Special Committee on Tax Rulings and Other Measures Similar in Nature or Effect (TAXE) on 17 June 2015**

Dear Mr Chairman,

I am pleased to take up your offer to submit responses to your questions in preparation for the discussion at the interparliamentary meeting on 17 June.

1. Has your Committee been working on problems caused by tax avoidance?

Yes, the German Bundestag has examined the issue of tax avoidance on several occasions, usually in connection with international summits or ECOFIN meetings dealing with this issue, or in connection with EU documents. The European Commission's proposal for a directive on the automatic exchange of information on tax rulings was considered by the Finance Committee on 6 May.

A debate on the subject of the Luxembourg leaks was held in the Bundestag's plenary in November 2014; in addition, a motion on country-by-country reporting, tabled by the Greens, was debated in September 2014. The Finance Committee has held two expert discussions on the subject of tax avoidance, "Tackling cross-border tax avoidance" in 2013 and "The Action Plan on Base Erosion and Profit Shifting (BEPS)" in 2014.

As a Member of Parliament, I do not feel well-informed by the German government in some respects, for example as regards figures on the scale of tax avoidance in Germany. The German government seems to be refusing to calculate the size of the tax gap.

2. Is your Committee either informed or consulted on administrative practices such as tax rulings?



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No. No overview is available of advance tax rulings in Germany or tax rulings in other countries, or of the approach taken by the tax authorities to the spontaneous exchange of information about tax rulings. The Finance Committee was informed about the German government's analysis of the 150 cases involving Germany in the Luxembourg leaks. In my view, the analysis is highly unsatisfactory. The Green parliamentary group in the Bundestag has submitted two parliamentary interpellations on the subject of the Luxembourg leaks. I enclose the German government's answers.

3. Has it ascertained that some multinational companies have managed to transfer profits generated by those activities located in one Member State to another?

I am not aware of any figures from academic studies which quantify the connection between profit shifting and tax rulings specifically. However, the individual cases researched by investigative journalists provide a good indication of the likely scale. A study by the Centre for European Economic Research (ZEW) in Mannheim shows that tax payments by multinational companies in Germany are approximately 30% lower than those by comparable (in terms of company size and other characteristics) national companies. It estimates the resulting tax shortfall for the German state, prior to the corporate tax reform in 2008, at 10.2 billion euros.

I look forward to a good exchange of views in Brussels on this very important topic.

Kind regards,

Dr Thomas Gambke