

# EU strengthens fight against tax dodgers

The European Commission has announced a series of proposals designed to tackle the 'scandalous loss of much-needed revenue' EU members suffer through tax evasion and tax avoidance



Traders are pictured at their desk under the DAX board at the Frankfurt stock exchange

These include a tougher stance on tax havens and ways to close loopholes. Some big companies take advantage of these loopholes to avoid paying millions of Euros in tax. The Commission said around 1tn euros (\$1.3tn; £800bn) is lost every year in the EU by tax avoidance and evasion.

"While member states must toughen national measures against tax evasion, unilateral solutions alone

won't work," said Commissioner for Taxation Algirdas Semeta. "In a single market, within a globalised economy, national mismatches and loopholes become the playthings of those that seek to escape taxation. A strong and cohesive EU stance against tax evaders, and those that facilitate them, is therefore essential."

The package of measures includes two main recommendations. The first 'en-

courages' member states to identify tax havens and place them on 'national blacklists'. Measures to persuade these havens to apply EU law are also laid out. The second suggests ways for member states to address the kinds of legal technicalities and loopholes companies use to pay less tax.

Members should also adopt a common General Anti-Abuse Rule, whereby they can ignore artificial tax

avoidance schemes and tax the underlying sum of money, the Commission said. It also called for a clampdown on what it called 'harmful tax competition', where member states compete with each other to provide the most benign tax environment. If necessary, the Commission said it would come up with the 'legislative proposals for action'.

A number of major global companies, including

Amazon, Starbucks and Google, have come under fire in recent weeks for paying very little tax relative to their profits in the UK. The UK Treasury is also clamping down on tax evasion and avoidance, both by companies and individuals, in an effort to raise much needed-revenue. This includes giving greater resources to the Inland Revenue to pursue those paying less tax than they should.

## EU imposes record \$1.9bn cartel fine on Philips and five others

**The European Commission imposed the biggest antitrust penalty in its history, fining six firms including Philips, LG Electronics and Panasonic a total of 1.47bn Euros (\$1.9bn) for running two cartels for nearly a decade**

The Commission said executives from the European and Asian companies met until six years ago to fix prices and divide up markets for TV and computer monitor technology now mostly made obsolete by flat screens.

Between 1996 and 2006 they met in Paris, Rome, Amsterdam and in Asia for 'green meetings', so-called because they often ended in a round of golf.

"These cartels for cathode-ray tubes are 'textbook cartels': they feature all the worst kinds of anti-competitive behaviour that are strictly forbidden to companies doing Business in Europe," EU Competition Commis-



Mr. Joaquin Almunia said in a statement.

The EU antitrust regulator imposed the biggest penalties on Philips for its role in the price fixing and carving up of markets. The Dutch-based firm was fined 313.4m Euros and faces a further penalty through a joint venture.

However, Chief Executive Frans van Houten said the group would challenge what he called the disproportionate and unjustified penalty.

LG Electronics of South Korea must pay 295.6m Euros plus its share of a joint venture penalty, followed by Panasonic Corp which was fined 157.5m. The Japanese firm said it might also make a legal challenge.

## Philippine Typhoon Bopha death toll passes 300

**More than 300 people have died and hundreds more are missing in the wake of Typhoon Bopha, which cut a swathe of devastation across the southern Philippines**

The Civil Defence Office said at least 325 people were confirmed dead and another 379 missing. People were killed in eight provinces but eastern Mindanao was worst-hit. In Compostela Valley Province alone at least 184 people died, many when flash floods hit emergency shelters. "We have 325 dead and this is expected to rise because many more are missing," Civil Defence Chief Benito Ramos noted. "Communications are bogged down, there is no electricity, roads and bridg-



es have been destroyed," he said. "We're still on a search-and-rescue mode."

The storm struck Mindanao Island, bringing very high winds and heavy rain. Roofs were blown off houses and the rain led to both landslides

and flooding. Tens of thousands of people were moved to shelters ahead of the typhoon, but in one town in Compostela Valley the shelters themselves were swept away by flash floods. Rescue teams are still working to reach communities in some isolated areas. One injured man was found alive in a river in New Bataan.

The typhoon came almost a year after Typhoon Washi struck northern Mindanao with devastating consequences. More than 1,300 people died when that storm struck, as rivers burst their banks and swamped communities. The UN said that improved early warning systems had saved lives this time. But President Benigno Aquino said more needed to be done.

## Talks on European banking union end in failure

**Talks between EU finance chiefs ended without an agreement on a proposed European banking union**

Ministers met in Brussels earlier to discuss how best to structure a single supervisor for Eurozone banks. But disagreements remain on the EU should so, with Germany concerned about the ECB's potential involvement compromising its independence. Berlin also opposes its savings banks from coming under supervision at the European level. Austrian Finance Minister Maria Fekter criticised the German position on her arrival to the talks.

"There are countries who insist very much on the fact that smaller banks should not be supervised by the central unit (banking supervision of the ECB)," she noted.

## Raphael drawing fetches record £29.7m at auction

**A Raphael sketch has fetched £29.7m at auction in London, setting a record price for any drawing in art history**

The small-scale *Head of an Apostle* prompted seventeen minutes of frenzied bidding at Sotheby's, almost doubling pre-sale estimates.

The 1519 chalk drawing, a study for Raphael's *Transfiguration*, was part of a private collection held at Chatsworth House, home of the Duke of Devonshire.

In 2009, Raphael's *Head of a Muse* sold for £29.2m at Christie's.

Fluctuating exchange rates suggest the Christie's drawing narrowly beat *Head of an Apostle* in dollar terms, but since both were sold in pounds, in London, Sotheby's is claiming a record.

"If you are lucky, at some point in your career a work like this comes along," said Gregory Rubinstein, head of old master drawings at Sotheby's. "A number of the world's greatest collectors stepped up tonight in recognition of the genius of Raphael and the extraordinary beauty of this drawing, with its exceptional provenance."

Speculation suggests the winning phone bid came from Russia.