

EUTAX

Observatory

ANNUAL
REPORT
2021
2022

CREDITS



EU Tax Observatory

The EU Tax Observatory is a research laboratory conducting, promoting, and disseminating innovative, high-quality, and impactful research on taxation. The EU Tax Observatory is one of the leading institutions for the study of taxation in the European Union and globally, with a focus on corporate tax avoidance and tax evasion. It is a platform for civil society engagement with high visibility globally and a source of new ideas for combating tax evasion.

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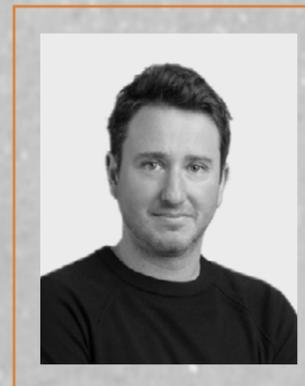
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WELCOME LETTER



It is a pleasure to present this first annual report of the EU Tax Observatory. Fifteen months after our official launch in Brussels in June 2021, there are so many achievements we are proud of: a dozen groundbreaking studies, the successful launch of our website and data repository with over 70,000 visitors, numerous public events across the European Union, a growing visibility and impact on research and the global policy debate.

And this is just the beginning. In the aftermath of the Covid-19 pandemic, with rising global inequality and growing international tensions, the issues of tax justice and international cooperation are more pressing than ever. We need to invent the new institutions, the new tax systems, the new forms of coordination that will make democracy, justice, and international openness flourish into the 21st century.

Supported by European institutions and by research centres of excellence, the EU Tax Observatory will continue to produce innovative research on taxation – with a focus on tax avoidance, tax evasion, and potential solutions to these problems – and to put this research at the service of an inclusive public debate.

This activity report presents our publications, website features, events, partners, budget – and, most importantly, the talented, dynamic, and creative team members behind all this work. I want to congratulate all of them for working so hard to launch the Observatory and establish it, in such a short period of time, as a key source of knowledge and new ideas for a better world.

Gabriel Zucman
Director of the EU Tax Observatory

PUBLICATIONS

REPORTS



Collecting the Tax Deficit of Multinational Companies: Simulations from the European Union

by Mona BARAKE, Theresa NEEF, Paul-Emmanuel CHOUC, and Gabriel ZUCMAN (June 2021)

This report estimates the amount of tax revenue that the EU could raise by imposing a minimum tax on the profits of multinational companies. The study considers several scenarios for the imposition of such a tax – ranging from an international tax agreement to unilateral measures – and a range of rates. An international agreement on a minimum rate of 25% would allow the European Union to increase its tax revenues by 170 billion euros in 2021, an increase of 50% of the corporate tax revenue collected today. With a minimum rate of 15%, the additional tax revenue would only amount to about 50 billion euros. An EU country that unilaterally chooses to subject its multinationals to a minimum rate of 25% and taxed part of the tax deficit of non-resident companies accessing its market would increase its corporate tax revenues by around 70%.

The EU Tax Observatory conducts innovative research on taxation, with a focus on corporate taxation, tax avoidance, tax evasion, and potential solutions to these problems. The EU Tax Observatory's publications are divided into three categories:

Reports: Our reports are written by the EU Tax Observatory's researchers and combine high-quality research with a policy-oriented perspective.

Research Notes: These publications are complementary to the published reports or are reactions to international issues.

Working Papers: These publications are mainly aimed at the academic audience and are written by the EU Tax Observatory's researchers as well as by academic partners focusing on a wider range of issues within the field of tax avoidance and tax evasion.

Have European Banks Left Tax Havens? Evidence from Country-by-Country Data

by Giulia ALIPRANDI, Mona BARAKE, and Paul-Emmanuel CHOUC (September 2021)

This report documents the activity of European banks in tax havens and how this activity has evolved since 2014. The analysis covers 36 systemic European banks that have been required to publicly report country-by-country data on their activities since 2014. We study the level and evolution of the profits booked by these banks in tax havens over the 2014-2020 period. We also compute their effective tax rates and their tax deficit—defined as the difference between what these banks currently pay in taxes and what they would pay if they were subject to a minimum effective tax rate in each country.

New Forms of Tax Competition in the European Union: An Empirical Investigation

by Eloi FLAMANT, Sarah GODAR, and Gaspard RICHARD (November 2021)

This report provides an empirical analysis of personal and corporate tax competition in the European Union. We find that tax competition increasingly takes the form of preferential or narrowly targeted tax regimes on top of general rate cuts. We provide a ranking of the most harmful regimes targeting foreign, primarily high-income or high-wealth individuals. We also discuss several options to address these trends.

RESEARCH NOTES

The EU Tax Observatory's Research Notes are intended to complement our reports or to react to current events.

Effective Sanctions against Oligarchs and the Role of a European Asset Registry

by Theresa NEEF, Panos NICOLAIDES, Lucas CHANCEL, Thomas PIKETTY, and Gabriel ZUCMAN (March 2022)

This note provides data on wealth inequality in Russia and advocates for a European Asset Registry. Russia exhibits the highest wealth inequality in Europe. Further, Russia's wealthiest nationals conceal a large share of their wealth through tax havens. The current architecture of the global financial system impedes comprehensive knowledge on beneficial ownership across asset types and jurisdictions. Under the roof of a European Asset Registry, the already existing but currently dispersed information could be gathered. This would change the state of play, resulting in better-targeted sanctions and effective tools to curb money laundering, corruption and tax evasion. The European Union could have a pioneering role in taking the next step towards more financial transparency.

ALSO PUBLISHED

Minimizing the Minimum Tax? The Critical Effect of Substance Carve-Outs, Mona BARAKE, Theresa NEEF, Paul-Emmanuel CHOUC, and Gabriel ZUCMAN (July 2021)

European Tax Evasion in the Light of the Pandora Papers (October 2021)

Revenue Effects of the Global Minimum Tax: Country-by-Country Estimates, Mona BARAKE, Theresa NEEF, Paul-Emmanuel CHOUC, and Gabriel ZUCMAN (October 2021)

WORKING PAPERS

Who Owns Offshore Real Estate? Evidence from Dubai

by Annette ALSTADSAETER, Bluebery PLANTEROSE, Gabriel ZUCMAN, and Andreas ØKLAND (May 2022)

This paper analyzes a unique micro-dataset capturing the ownership of about 800,000 properties in Dubai. We use this dataset to document patterns in cross-border real estate investments, a blind spot in the analysis of financial globalization. We obtain four main findings. First, offshore real estate in Dubai is large: at least \$146 billion in foreign wealth is invested in the Dubai property market. This is twice as much as real estate held in London by foreigners through shell companies. Second, geographical proximity and historic ties are key determinants of foreign investments in Dubai. About 20% of offshore Dubai real estate is owned by investors from India and 10% by investors from the United Kingdom; other large investing countries include Pakistan, Gulf countries, Iran, Canada, Russia, and the United States. These patterns hold when focusing on the most affluent neighborhoods, with the main difference that Indian investments become relatively smaller and Russian investments larger.

Third, a number of conflict-ridden countries and autocracies have large holdings in Dubai relative to the size of their economy, equivalent to 5%–10% of their GDP. This suggests that the official net foreign asset position of a number of low-income economies is significantly under-estimated. Last, by matching properties owned by Norwegians

to administrative tax records in Norway, we find that the probability to own offshore real estate rises with wealth, including within the very top of the wealth distribution. About 70% of Dubai properties owned by Norwegian taxpayers were not reported for tax purposes in 2019. These results suggest that the lack of cross-border exchange of information on real estate ownership is a significant issue for tax enforcement.

WORKING PAPER SERIES

WP No.2: Pennies from Haven: Wages and Profit Shifting, Annette ALSTADSAETER, Julie Brun BJØRKHEIM, Ronald B. DAVIES, and Johannes SCHEUERER (May 2022)

WP No.3: Did the Tax Cuts and Jobs Act Reduce Profit Shifting by US Multinational Companies? Javier GARCIA-BERNARDO, Petr JANSKY, and Gabriel ZUCMAN (June 2022)

WP No.4: Will We Ever Be Able to Track Offshore Wealth? Evidence from the Offshore Real Estate Market in the UK, Jeanne BOMARE and Ségal LE GUERN HERRY (June 2022)



PUBLIC REPOSITORY

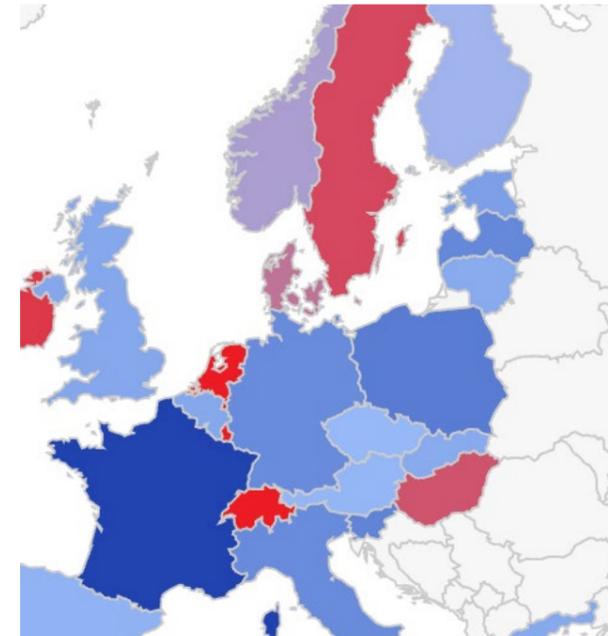
One of the Observatory's flagship projects this year - undergoing constant development - has been the public repository on tax avoidance and tax evasion. Conceived and designed as an open database, the repository seeks to widen access to knowledge of data and research on tax avoidance and evasion.

For the year 2021-2022, more than 43 academic articles on corporate tax avoidance and tax evasion by individuals have been summarized, illustrated, and published on the EU Tax Observatory website. For each article, the Observatory's researchers summarize the paper by highlighting the key results, explaining the methodology and data used, as well as the policy implications. In this way, we are making academic research more accessible to as many people as possible.

One of the achievements during the past year has been the creation of the EU Tax Observatory's website. The website focuses on achieving visual clarity, improving readability, and access to the general public. Visitors can find fundamental information about our news, our publications, our events and a presentation of our team and partners. During the first year, our website has attracted over 70,000 visitors with approximately 190,000 single clicks.

TOOLS

The EU Tax Observatory has developed interactive explorers and simulators that allow anyone - policy-makers, journalists, academics and citizens - to run simulations with our data.



THE TAX DEFICIT SIMULATOR

This simulator was designed for policy makers, journalists, members of civil society, and citizens to assess the revenue potential from minimum taxation in EU countries. The simulator includes a number of scenarios that can be investigated on a specific page, accessible via the left-hand sidebar, that allows to simulate corporate tax revenue gains from any minimum effective tax rate between 10% and 50%.

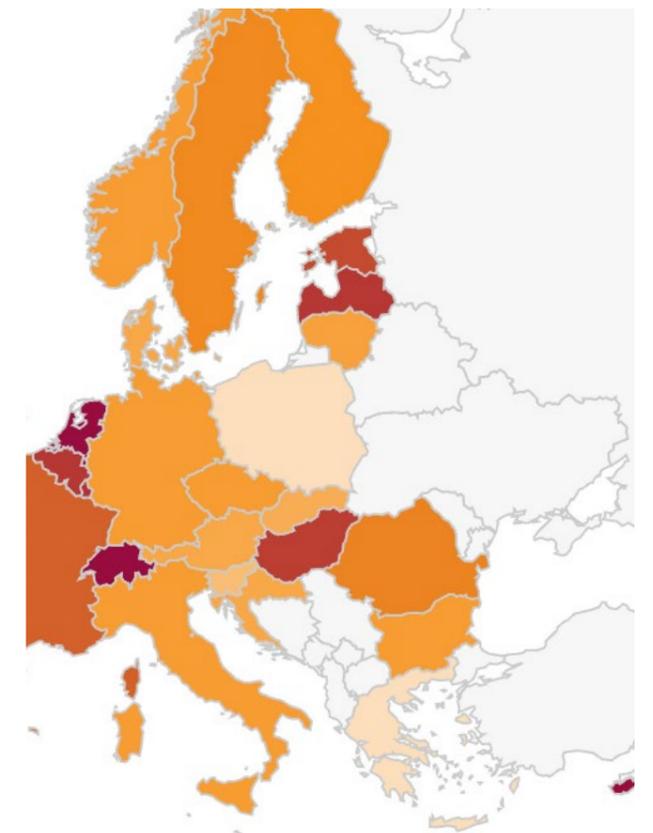
[Access the simulator here.](#)

COUNTRY-BY-COUNTRY REPORT STATISTICS EXPLORER

This tool examines key financial data from the largest multinational groups published by the OECD: anonymised and aggregated Country-by-Country Report statistics. These data represent an important new source of information on the global tax and economic activities of multinational enterprises.

The explorer allows you to compare and analyse multinationals' activities and payments in different jurisdictions. The visualisation of the data aims at providing more transparency into the corporate tax world by visualising how much multinationals earn and pay in taxes in countries of their operation.

[Access the simulator here.](#)



EVENTS

To promote a democratic, inclusive and pluralistic debate on the future of taxation, the EU Tax Observatory aims to foster dialogue between the scientific community, civil society and policymakers in the European Union. To this end, the EU Tax Observatory organises academic events and public debates bringing together participants from the world of research, politics and associations.



TAX AVOIDANCE AND OFFSHORE WEALTH: POLICIES FOR TOMORROW

On 13 June 2022, we held our first landmark Annual Conference at the Sofitel in Brussels. The event brought together more than 100 policy-makers, politicians, academics, journalists, members of civil society and citizens. This first event was a great success, with the attendance exceeding our expectations. This moment was an opening of our research on the policy arena, allowing us to sketch out a practical application of our results outside the laboratory. The conference will be annual, taking place in Brussels every June.



PROGRAMME

- 10.10 - 10.20 Welcome Address by Gabriel Zucman
- 10.20 - 10.30 Statement by Gerassimos Thomas
- 10.30 - 11.45 Academic-Policy Mixtape
Will the Global Minimum Tax Suffice?
Keynote by Michael Keen

Policy Discussion with Alex Cobham,
Michael Devereux, Kira Peter-Hansen
and Pascal Saint-Amans
- 11.45 - 13.00 Panel Session
New Forms of Tax Competition with
Benjamin Angel, Sarah Godar, Nadine
Riedel, and Paul Tang
- 14.00 - 15.30 Academic-Policy Mixtape
The Case for a Global Asset Registry
Keynote by Matthew Collin

Policy Discussion with
Elisa Casi-Eberhard, Luis Garicano,
Andres Knobel, and Theresa Neef
- 15.30 - 16.00 Young Researcher Award



EU TAX OBSERVATORY INAUGURATION

Date: June 1 2021

Place: Brussels, Belgium

The launch of the EU Tax Observatory took place in the presence of European Commissioner Paolo GENTILONI, Members of the European Parliament, Paul TANG and Sven GIEGOLD and the EU Tax Observatory's Director Gabriel ZUCMAN.



OTHER EVENTS

[Conference – European Banks in Tax Havens: Evidence and Countermeasures – September 8 2021 – Online \[Replay\]](#)

[Conference – The Fiscal and Distributional Consequences of Global Tax Avoidance and Tax Evasion – September 27-29 2021 – Co-organised with the European Commission's Joint Research Centre and DG TAXUD – Online \[Replay\]](#)

[Webinar – Effective Minimum Tax Implementation in the EU: What Alternatives to Unanimity – October 13 2021 – Co-organised with the Brussels Office of the Austrian Federal Chamber of Labour and the Brussels Office of the Austrian Trade Union – Online \[Replay\]](#)



[Audition – Pandora papers: How to Control the Creation and Beneficial Ownership of Offshore Companies? – October 13 2021 – French Senate \[Replay\]](#)

[Conference – Tax Competition in the European Union: A Major Issue? – November 30 2021 – Online \[Replay\]](#)

[Conference – World Inequality Conference – A 15% Global Minimum Tax: A Revolution? – December 8 2021 – Paris School of Economics, France \[Replay\]](#)

[Workshop – Multinationals: Tax Avoidance and Policy Response – February 25 2021 – Co-organised with CORPTAX – Online \[Replay\]](#)

[Audition – Public Hearing at the FISC Subcommittee of the European Parliament – May 10 2021 – Online \[Replay\]](#)

[Conference – Uncovering Hidden Wealth: Ways to Stop Offshore Secrecy – May 10 2021 – Co-organised with Oxfam IBIS – University of Copenhagen, Denmark \[Replay\]](#)

[You can find a list of our past and upcoming events \[here\]\(#\).](#)

MEDIA

During the first year, the EU Tax Observatory has been very present in the media: radio, press articles, television etc. In total, the Observatory and its research have been mentioned in over 500 press articles, from at least 35 countries.

Le Monde

DER SPIEGEL

EL PAÍS

POLITICO

The Washington Post

The Guardian

franceinfo:

sky tg24



SELECTED PRESS ARTICLES

[Ce que l'Europe pourrait gagner avec un taux minimal d'impôt sur les multinationales](#), Le Monde, 01/06/2021

[Nichts sollte uns abhalten, Konzerngewinne höher zu besteuern](#), Der Spiegel, 01/06/2021

[Un impuesto mínimo del 15% a las multinacionales elevaría en 50.000 millones la recaudación en la UE](#), El País, 01/06/2021

[Big European banks book an extra €20B a year thanks to tax havens: Study](#), Politico, 06/09/2021

[European banks storing €20bn a year in tax havens](#), The Guardian, 06/09/2021

[How Russian oligarchs are finding safe havens outside the West](#), Washington Post, 01/04/2022

TELEVISION

[La France va pouvoir collecter 3,3 milliards d'euros en plus](#), Franceinfo, 01/11/2021

[I profitti di Mps nei paradisi fiscali sono meno del previsto per un errore di calcolo](#), Sky tg24, 14/09/2021

PUBLIC HEARINGS

The Observatory's researchers also participate in public hearings to share their expertise at national and international public institutions.

[Pandora papers : comment contrôler la création et les bénéficiaires effectifs des sociétés offshores? Commission des finances, Sénat français](#), 13/10/2021

[Use of special tax regimes in the EU by high-net-worth individuals: Russian oligarchs](#), FISC Subcommittee, European Parliament, 10/05/2021

PARTNERSHIPS

The EU Tax Observatory supports an active partnership policy, demonstrating its commitment to science that is open to society and outside the university walls. During this first year, we have established strong academic and institutional links with European and international actors.



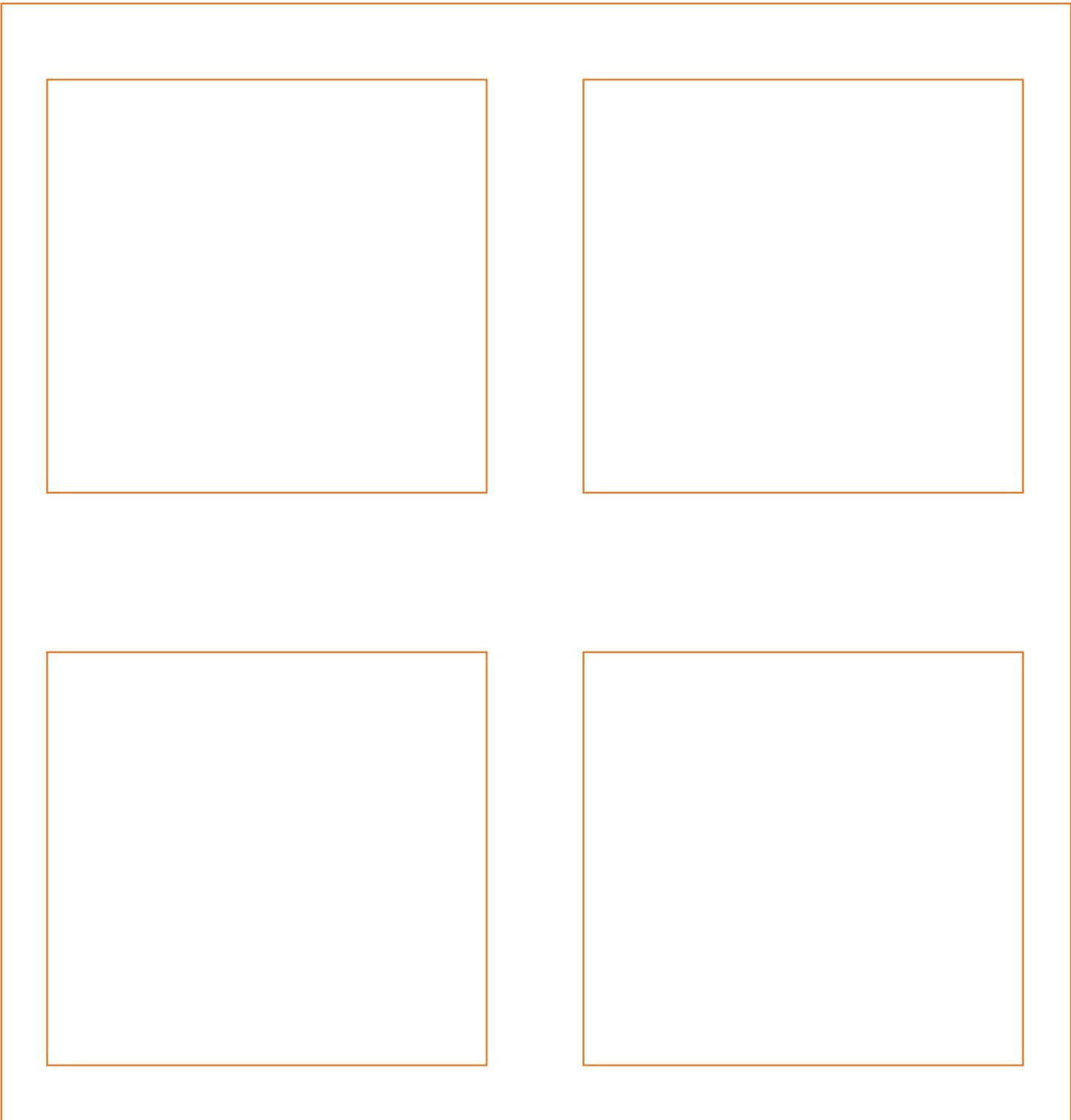
DG TAXUD

In 2020, the European Commission launched a call for proposals to create an independent research structure capable of enhancing the involvement of civil society in the advocacy, design and implementation of EU actions to combat tax evasion, tax avoidance and aggressive tax planning and to promote fair taxation. This call was won by the consortium composed of the Paris School of Economics and the University of Copenhagen, and led by the economist Gabriel Zucman.

The collaboration aims at performing cutting-edge research on tax avoidance, tax evasion and aggressive tax planning, at the highest scientific international level; promoting an inclusive, democratic, pluralistic debate on taxation policies across the EU; informing policymakers with the most current research findings and propose concrete policy reforms to foster fair taxation in the EU.

HEWLETT FOUNDATION

The Hewlett Foundation is working to foster the development of a new “common sense” about how the economy works and the aims it should serve. Through its Economy and Society program, the Hewlett Foundation has decided to support the establishment of the EU Tax Observatory.



RESEARCH COUNCIL OF NORWAY

The EU Tax Observatory is taking part of the research project ‘The extent of tax haven use and its consequences’ funded by the Research Council of Norway and coordinated by the Norwegian University of Life Sciences.

In the framework of this 5-year project, the EU Tax Observatory will participate in the production of research papers and in dissemination actions towards the media, policymakers and the public.

MIROVA

Mirova is a conviction-based asset management company that offers its clients investment solutions that combine the search for financial performance with environmental and social impact.

The project is also supported by many European academic and civil society partners: Ecole Normale Supérieure (France), Hellenic Open University (Greece), Norwegian University of Life Sciences (Norway), Charles University (Czech Republic), German Institute for Economic Research (Germany) and Oxfam.

MAIN OTHERS PARTNERS

In addition to its funders, the EU Tax Observatory has forged numerous academic partnerships in 2021, demonstrating a real interest in its project.

PARIS SCHOOL OF ECONOMICS

The Paris School of Economics hosts the offices of the EU Tax Observatory. It supports the administrative and financial management of the Observatory with its teams and provides rooms for its events.



UNIVERSITY OF COPENHAGEN

The University of Copenhagen hosts the co-director and the Danish team of the EU Tax Observatory. It provides rooms for the Observatory's events.



WORLD INEQUALITY LAB (WIL)

The WIL collaborates scientifically with the Observatory and co-organises events and workshops.



BUDGET

The EU Tax Observatory is a non-profit research center. It operates with grants from public and private partners. Expenditure and resources cover the first year of the Observatory as well as the preparatory phase before its inauguration (01/01/2021 - 31/05/2021). The expenses and resources concern the whole consortium of the EU Tax Observatory, namely the Paris School of Economics and the University of Copenhagen.

Year 1 (01/01/2021-31/05/2022)

CATEGORY	EXPENSES
Staff Costs	858 134 €
Operating Expenditures	205 285 €
IT	34 303 €
Overheads to the Paris School of Economics	31 871 €
Overheads to the University of Copenhagen	7 092 €
Total	1 136 685 €

GRANTS	RESOURCES
DG TAXUD	1 055 333 €
Hewlett Foundation	61 014 €
Mirova	20 338 €
Total	1 136 685 €

TEAM OF THE EU TAX OBSERVATORY



PERMANENT STAFF



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Dina Pomeranz
University of Zurich



Emmanuel Saez
UC Berkeley

LIST OF RESEARCH FELLOWS

- Stefan Bach (DIW Berlin)
- Charlotte Bartles (DIW Berlin)
- Dominik Bernhofer (AK Wien)
- Gunther Capelle Blancard (Paris 1)
- Jeanne Bomare (PSE)
- Vincent Bouvatier (UPEC)
- Rasmus Corlin Christensen (CBS)
- Anne Laure Delatte (CNRS)
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- Laurent Simular (ENS de Lyon)
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