

Dodgy duchy deals: Juncker says no 'conflict of interest' over Luxembourg tax breaks

BRUSSELS, BELGIUM: European Commission head Jean-Claude Juncker is fighting off charges of a conflict of interest over an inquiry into huge tax breaks agreed with top global companies when he was Luxembourg premier...

Revealed last week, the tax breaks extended to household names such as Pepsi, IKEA and Deutsche Bank are politically explosive at a time when cash-strapped EU governments have sharply cut budgets.

"I have said that the Commission would fight tax evasion and fiscal fraud," an under-fire Juncker said in a surprise press appearance.



European Commission head Jean-Claude Juncker says a journalist is as suitable as he is to run the commission. (Image: European Union)

"I want everyone to know that those are not just words but really reflect the Commission's aim," he said, amid a barrage of questions over his role in arranging sweetheart tax deals during his 19 years as Luxembourg prime minister.

"There is no conflict of interest when the Commission launches probes" into such arrangements, he said, adding he could not understand why the issue should be portrayed in that way.

The tax deal reports put Juncker, who only took office on November 1, immediately in the firing line given the European Union's headline commitment to fighting tax fraud.

Media investigation reveals a dodgy duchy

Leaked documents made public by the US-based International Consortium of Investigative Journalists showed the tiny duchy of Luxembourg gave hundreds of global firms huge tax breaks.

The "Luxleaks" documents showed that billions were funnelled through Luxembourg thanks to complex financial structures that allowed companies to slash their tax liabilities, depriving hard-up governments of revenue.

The Commission has launched a series of investigations into tax arrangements in Ireland, the Netherlands and Luxembourg on the grounds they might infringe state aid rules by unfairly favouring some companies over others.

EU Competition Commissioner Margrethe Vestager has promised to press on with the probes and Juncker earlier said he would let the process take its course, as it should.

A credible answer?

However, questions about his role in deals that are technically legal but go against the grain at a time of austerity and tax hikes for ordinary citizens, refuse to go away.

On Wednesday, Juncker turned up at the Commission's midday press conference unannounced, only for journalists to question his credibility and suitability as head of the EU's key executive arm.

"I'm as suitable as you are," Juncker replied to one journalist.

Juncker said that as head of the commission he could no longer comment on Luxembourg's affairs.

Some 22 of the 28 EU states had similar tax arrangements, he said, and the issue was to ensure that they did not violate state aid rules.

Commission Vice President Frans Timmermans, whom Juncker calls his "right-hand" man, scotched any suggestions that his boss would step down, even temporarily.

"The president will continue to carry on his work. He enjoys my support, he enjoys the full support of... the commission," the former Dutch foreign minister told the same press conference after Juncker left.

"I don't think you will be seeing any situation whereby he will be standing down for any period of time," he said.

Juncker defended his career against any suggestions of impropriety, adding there "is nothing in my past" suggesting that he had encouraged tax evasion.

On the contrary, he said, "in the course of my life, I have sought greater tax harmonisation in Europe" so as to ensure a level playing field for all.

Source: AFP, via I-Net Bridge

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