

(unofficial translation)

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Experts: Why is tax avoidance and evasion allowed to continue?

Does the average voter really want cunning and immoral tax advisers to assist tax avoiders and evaders to secretly seize their paid-in taxes, ask tax experts Torsten Fensby and Leif Rosenfeld.

The other day, Svenska Dagbladet published an article noting that the accountants and tax advisers' trade association FAR, invoking the corona pandemic, lobbied the government Tax Committee to postpone the implementation of the EU directive on cross-border reporting arrangements.

The issue is apparently so sensitive that the Committee chairman Jörgen Hellman (S) is inclined to refer the final decision to the government, despite that relevant legislation should have been adopted already on 1 January.

So what's the problem? It is not necessarily surprising that delays may occur given the chaos caused by the pandemic. However, the Committee's actions show that politicians today are remotely controlled by the business community when issues concerning tax avoidance and evasion are on the agenda. Regardless of which party the voters vote for, the final calls are always made by business representatives and their lobbyists.

FAR's current actions regarding the implementation of the EU cross-border reporting requirements are just one of many examples of how the private sector prevents Sweden from protecting its tax base:

- When the government in 2015 had to implement the new EU anti-abuse rule of the parent and subsidiary directive, the opposition from the businesses'

consultative bodies was so compact that the government in practice failed to correctly implement the rule into Swedish law;

- When the government in 2018 tried to introduce an exit tax to prevent untaxed profits from being shifted out of Sweden, the proposal was withdrawn immediately after business representatives and H&M chairman Stefan Persson strongly criticized the proposal;
- When the EU in 2019 wanted to introduce an EU-wide digital services tax to enable tax to be collected from the GAFAM companies, the government blocked the proposal after Spotify founder Daniel Ek expressed concerns in an email to Prime Minister Stefan Löfven; and
- When the government rapporteur proposed that the above mentioned reporting requirements should also be extended to domestic tax avoidance arrangements, the business consultative bodies forced the government to withdraw the proposal in December 2019. This notwithstanding that the reporting obligation is not a new tax, but only aims to improve transparency in the tax avoidance industry's secretive world.

The above are just examples of cases where the government in recent years has ended up opposing measures to protect the Swedish tax base. Chapter 9 of SOU: 2018: 91 [*a government report*] lists measures that are currently available to the Swedish Tax Agency to combat tax avoidance and evasion. The report lists two rules, the Tax Evasion Act and the 'substance over form' rule developed in case law. These rules are so complicated, have such a narrow scope and are so rarely applied that we need more powerful tools to deal with current avoidance and evasion activities.

Do our citizens really support our current policy to let avoiders and evaders plunder the state coffers with impunity? Does the average voter who votes for the Social Democrats, the Center party or the Christian Democrats or any other political party really want cunning and immoral tax advisers to assist tax avoiders and evaders to secretly seize their paid-in taxes?

Svenska Dagbladet has recently highlighted in several media articles the extent to which business lobbyists control the political agenda. Unfortunately, this is also true with regard to taxation and in particular when rules against tax avoidance and evasion are discussed. If this

process is allowed to continue, the Swedish democracy, which according to our Constitution is based on the principle that all public power in Sweden emanates from the people, will soon be a thing of the past.