

Juncker admits oversight on Luxembourg tax as Prime Minister

European Commission head Jean-Claude Juncker admitted Tuesday he overlooked certain effects of Luxembourg's tax policy during his long record as prime minister of the tiny EU nation. Juncker was thrust into the world spotlight in late 2014 when his native EU duchy was singled out in the LuxLeaks scandal as a tax haven for dozens of multinationals including Ikea and Pepsi.

Juncker made his comments while addressing a European Parliament hearing on the separate Panama Papers tax scandal in which he also argued EU member states could still use tax policy to compete for investment despite the lessons of the scandals. "I am in favour of tax competition but it has to be fair and it was not always fair," Juncker told MEPs in Brussels.

"(As prime minister) I was with a few others neglecting that dimension ... on fair competition," he added, referring to the practice of EU neighbours using low taxes to outgun each other for foreign investment. The EU has made cracking down on very low taxes a high-profile priority since LuxLeaks unveiled the two decades of tax deals made when Juncker was prime minister.

"I was a minister at the time, I wasn't responsible for these business issues," Juncker said, defending heated questions from MEPs on his role in Luxembourg's cushy and secret tax arrangements. "I never discussed fiscal measures with a company. It's a clear principle in Luxembourg, but not everywhere in the European Union," he said. LuxLeaks helped sparked a major global push against the generous deals handed to multinationals, which grew even stronger with new revelations such as the Panama Papers and Football Leaks.

The revelations, along with the Panama Papers scandal this year, ended up prompting the EU to take urgent steps to stop global firms avoiding tax in Europe, including inquiries into firms like Apple, McDonald's and Amazon. In addition to the historic decision against Apple, the Commission has already decided against Fiat in Luxembourg, and Starbucks in the Netherlands, ordering them to repay up to 30 million euros.

"Juncker is a rather catastrophic symbol for the European Union" said Green MEP Eva Joly, a strong advocate for fair taxation. "He represents hypocrisy. He represents the fact that the EU is completely oriented towards helping multinationals," she added.

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