

EU seeks crackdown on aggressive tax planners

European tax planners who help rich clients, including sports stars, evade the tax man will risk hefty fines, according to EU plans unveiled on Wednesday. The draft law comes in the wake of a wave of scandals such as Panama Leaks and Football Leaks that exposed the murky world of intermediaries that help some of the world's richest people escape tax.

"There are people, companies, institutions that make vast amounts of money from helping others to escape taxation," the EU's Economy Commissioner Pierre Moscovici said at a news briefing, announcing the proposal. "These include tax advisers, financial consultants, accountants, banks, lawyers, sport agents: we have some famous examples being discussed now," he said.

Under the plan, all cross-border tax plans that bear signs that they will cause financial losses for national coffers will have to be automatically reported to authorities ahead of time, the Commission said. EU states will automatically exchange the information through a centralised database, providing an early warning to EU partners on new risks of avoidance.

The proposals come a day after football star Cristiano Ronaldo, the latest figure to be caught up in the scandals, was summoned to court accused of evading 14.7 million euros (\$16.5m) in tax through the help of intermediaries. Prosecutors accuse Ronaldo, who is the world's highest paid athlete according to Forbes, of evading tax via two companies based in the British Virgin Islands and Ireland. Spain is also targeting Jose Mourinho, the Manchester United manager who was on Tuesday accused of evading 3.3 million euros in tax during his stay at Real Madrid.

Both were clients of Portugal-based super-agent Jorge Mendes who set up the highly complex tax mechanisms that circuited through the Virgin Islands, Ireland, Colombia and Panama to avoid taxes. Before coming into force, hopefully in 2019, the draft directive requires approval and possibly changes by the 28 EU member states and the European Parliament.

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