Workshop In Economics

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Can France Limit Tax Evasion and Tax Avoidance ?

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Group 6
Subgroup 8

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Introduction

- Taxe Evasion VS Tax Avoidance
- Context In France
- Key Figures
- Recent French Mesures
- Main Challenges
- Economic And Social Impact
- Question

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Tax Evasion VS Tax Avoidance

	Tax Avoidance	Tax Evasion
Definition	Legally minimising tax liabilities by leveraging tax laws and regulations	Illegally evading taxes by deceitful means such as underreporting income or falsifying records
Legality	Legal and permitted under tax laws	Illegal and considered a criminal offence
Methods Used	• Claiming legitimate deductions and credits • Engaging in tax-efficient investing • Structuring business operations for tax benefits	• Underreporting income • Claiming false deductions or credits • Hiding assets or maintaining false records
Outcomes	• Reduces tax burden legally • Helps optimise financial planning • No legal risks	• Heavy fines and legal penalties • Potential imprisonment • Reputational damage and loss of business licenses

Source : The Executive Centre. (2025, May 8). Tax Avoidance VS Tax Evasion: The Difference Between Legal and Illegal Practices.https://www.executivecentre.com/blog-article/tax-avoidance-tax-evasion-difference

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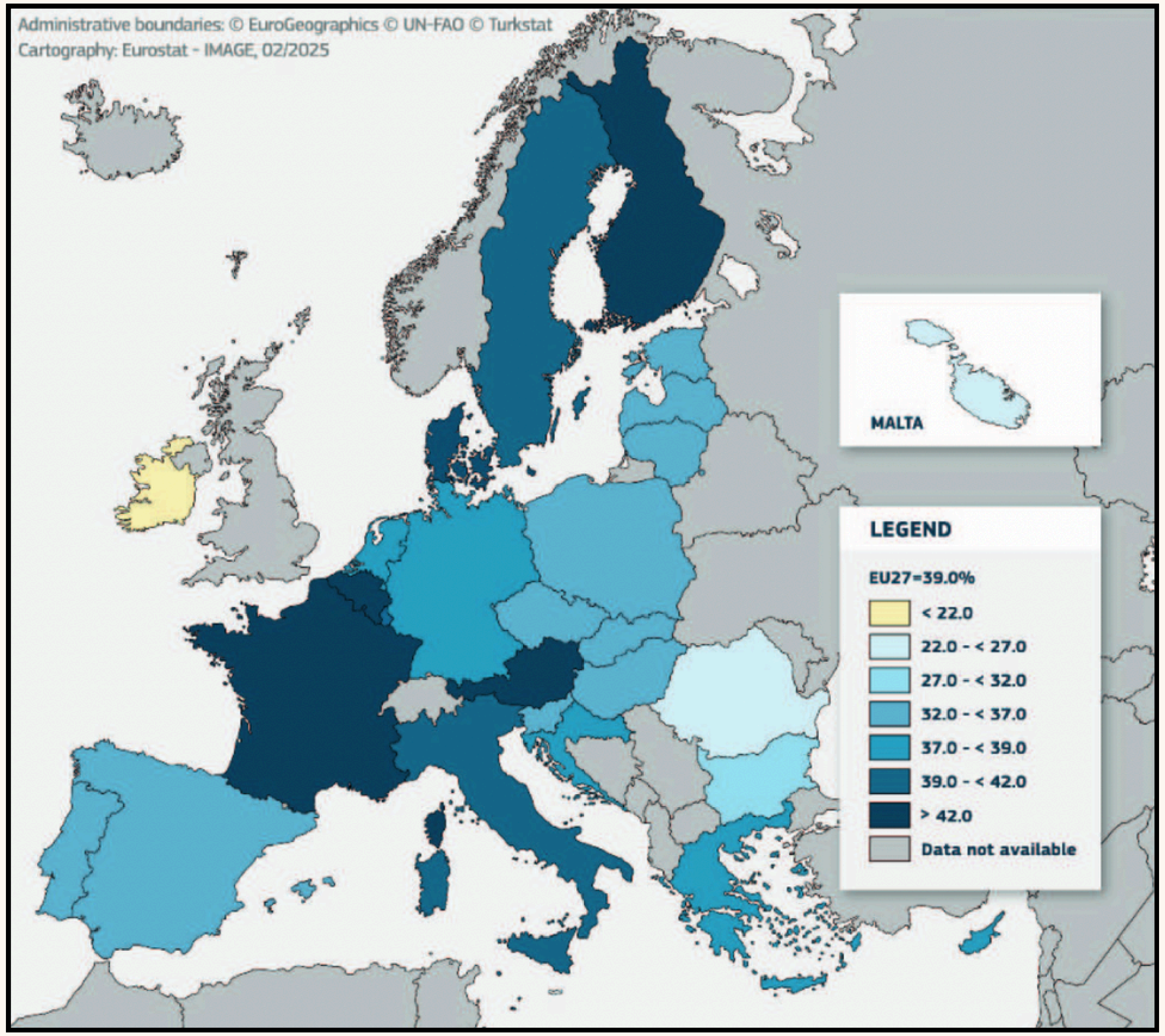
Contex in France

- **France:** ~44% tax-to-GDP vs ~34% OECD average
- **High tax pressure →** incentives to move income and wealth abroad
- **Channels:** offshore accounts, intra-group payments (interests, royalties, transfer pricing)
- **Reaction of the State:** data-mining tools, tax police unit, information exchange with other

TAX Revenue to GDP RATIO in the EU Countries (2023)



Sources: OECD, French Ministry of Finance, NGOs (Attac, etc.)

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Keys Figures

DISTRIBUTION

~€30–40 bn

~€20–30 bn

€80 - €100 bn/Year

Estimated tax fraud, evasion & aggressive avoidance

BUDGET COMPARISON

≈ 3–4% of French GDP
More than the yearly Education budget
Close to the annual public deficit

TAX AUDITS

2022

€14.6 bn

tax adjustments

2023

€15.2 bn

tax adjustments

→ Controls recover only a small part of potential losses

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Recent French and EU Actions

🇫🇷 **French measures:**

- **Creation of a tax police unit (2020)**
- **Digital monitoring of suspicious accounts & transactions**
- **Stricter penalties and public disclosure of offenders**

🇪🇺 **EU measures:**

- **DAC directives: automatic exchange of financial information**
- **Pillar Two (OECD): global minimum tax of 15%**
- **ATAD directive: limits on profit shifting & interest deductions**

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Main Challenges

Global Business Network
CONNECT IMPROVE INNOVATE

- Globalization → profits easily moved across borders
- Digital economy → hard to track intangible assets
- Political limits → EU tax competition (Ireland, Netherlands)
- Legal loopholes → exploited by multinationals
- Administrative burden → costly audits, limited resources

Economic and Social Impact

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Economic Impact

↓ Less funding for health, education, green transition
Citizens end up paying more

Social Impact

Unfairness between citizens & big firms
Trust in government ↓
Social tensions ↑ → demand for fiscal justice

"Tax evasion isn't only about money — it's about fairness and social cohesion."

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Can France Limit Tax Evasion and Tax Avoidance ? How ?

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