

SCHOLZ QUESTIONED OVER LINKS TO TAX FRAUD

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The CDU hopes to hold Scholz's feet to the fire for his ties to a German bank implicated in extensive tax

fraud committed while he was mayor of Hamburg.

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German Chancellor Olaf Scholz will have to [testify](#) before the Hamburg regional parliament this spring to clarify his role in a €30 billion tax evasion investigation conducted by major European financial institutions.

This comes after the centre-right CDU party put political pressure on Scholz to explain any potential connection he has to the scandal that occurred while he was mayor of Hamburg five years ago.

Dubbed the 'Cum Ex' affair by the German press, the inquiry involved €57.5 billion worth of fraud by various companies that manipulated European tax codes to falsely claim back money from the exchequer, with the majority of the fraud committed in Germany.

Investigators have paid particular attention to Scholz's relationship with Hamburg-based bank M.M. Warburg & Co. So far, Scholz has been obfuscating the exact nature of the meetings he had with senior bank executives.

The bank was implicated in the scandal after being ordered to repay €47 million worth of tax rebates it had falsely claimed. The matter was dropped shortly after bank officials met with Scholz, which led to accusations that the Chancellor influenced the decision.

The scandal featured heavily in Scholz's campaign to become Chancellor, with initial fears that it would derail his candidacy. It is speculated that political rivals in the CDU wish to weaponise charges against Scholz, with recent revelations calling into question the Chancellor's previous testimony and liaisons with the bank. The CDU is expected to call

for a [formal parliamentary investigation](#) in the Bundestag after the Easter recess later this month.

Scholz was elected in 2021 and governs Germany as head of the Social Democratic party in a fractious traffic-light coalition with the liberal FDP and Greens. Social Democrats have claimed the charges are politically motivated, as Hamburg regional authorities [dismissed](#) the claims last month.

Whether just a political irritant or the start of a wider scandal, Scholz's connection with the investigation will continue to haunt his chancellorship amid reports of [worsening relations](#) in his ruling coalition. Regarded as a safe pair of hands to steer Germany in the post-Merkel era, the Chancellor has some time yet before the matter is fully put to bed.