#EURoad2Sibiu

European Commission

A drive for a fair and effective tax system in the EU

May 2019

TOWARDS A MORE UNITED, STRONGER AND MORE DEMOCRATIC UNION

'We need more fairness in our internal market. While recognising the competence of Member States for their taxation systems, we should step up our efforts to combat tax evasion and tax fraud, so that all contribute their fair share. I will notably press ahead with administrative cooperation between tax authorities and work for the adoption at EU level of a Common Consolidated Corporate Tax Base.'

Then candidate for European Commission President Jean-Claude Juncker, Political Guidelines for the next Commission, **15 July 2014**

21 legislative initiatives have been presented by the Juncker Commission.

- **14 have been adopted** by the Council of the European Union.
- **7 are still on the table,** which the Council needs to adopt.

At least €50-70 billion:
corporate tax revenues lost annually in the EU due to tax avoidance

€150 billion:
VAT losses due to fraud, avoidance and miscollection each year – equivalent to the entire EU budget

VAT

74% of EU citizens believe that the European Union should do more to tackle tax avoidance.

WE AGREE. THIS IS WHY THE JUNCKER COMMISSION HAS DELIVERED ON:

Tax transparency

Far-reaching rules on information exchange

↓

Tax administrations can spot those who do not play by the rules

Anti-tax avoidance

Legislation to close loopholes, put an end to preferential tax deals and increase transparency on beneficial ownership

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It is much more difficult for companies to game the system

Global action

EU list of tax havens and increased tax cooperation with non-EU countries

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There is clarity on who does not play fair

Improving decision-making

Debate kick-started on reforming decision-making for EU taxation policy

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Quicker, more effective and more democratic compromises on taxation in the future

WHAT HAS CHANGED SINCE 2014?

Transparency on cross-border tax rulings between Member States enables national tax administrations to detect abusive tax practices and to take the necessary action.

More transparency on tax paid by multinationals between Member States means that administrations can see where big companies are really paying their taxes

Binding rules to effectively tackle tax loopholes (ATAD) inside and outside the EU can stop profits from being siphoned out of the Union untaxed.

Strengthened anti-money laundering and company transparency rules so that the ultimate beneficiary behind every company, trust and fund is known.

Access to anti-money laundering information to tax authorities, allowing them to react quickly to cases of evasion and avoidance.

Transparency agreements with international partners signed to end banking secrecy between EU Member States and Andorra, Monaco, Liechtenstein, San Marino and Switzerland.

First common EU list of non-cooperative tax jurisdictions published along with stronger rules to prevent EU funds being transiting through those countries.

New rules to resolve double taxation issues more quickly, boosting tax certainty for businesses.

Cases against illegal State aid in taxation — tackling distortions of competition and restoring a level playing field.

New VAT rules to help small companies that sell goods online and to improve VAT collection for Member States on online sales.

Binding transparency rules for intermediaries who design and promote tax-planning schemes for their clients.

New cooperation and information exchange framework agreed between Member States to help fight VAT fraud.

FURTHER WORK TO BE DONE TO DELIVER ON TAX FAIRNESS AND TAX EFFICIENCY

All companies — big or small, global or local — must pay a fair share of tax where real economic activity is taking place and where their profits are actually made. EU Member States should now move forward on the key measures proposed by the Commission to deliver further on tax fairness and tax efficiency.

New corporate tax system: The Common Consolidated Corporate Tax Base is a model for a corporate tax system for multinationals. It will reduce aggressive tax planning while boosting growth in the EU. Progress is needed to deliver an EU tax environment fit for the 21st century.

EU list of non-cooperative tax jurisdictions: Work on this newly created list must continue: countries that have pledged reforms must be closely monitored. Member States must deliver soon on an updated list to reflect latest developments.

Public reporting: Multinational companies most at risk of aggressive tax planning should publish the amount of tax they pay in each EU Member State.

Digital economy: Commission proposals are now on the table to deal with the taxation of digital activities for which traditional tax rules do not work. We need to secure tax revenues and ensure that traditional businesses can compete fairly with the digital economy.

Creating a single EU VAT area: Criminal VAT fraud deprives our communities of €50 billion a year. The Commission has proposed far-reaching reforms with a series of proposals to put in place a fraud-proof single EU VAT Area. Member States now need to deliver.

A move to Qualified Majority Voting decision-making: The Commission has launched the debate on improving how decisions are made on EU taxation policy and has invited all stakeholders, including EU leaders, to engage constructively.

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