Annual tax report

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The Committee on Economic and Monetary Affairs adopted an own-initiative report by Eva KAILI (S&D, EL) on the Annual Tax Report.

Welcoming the agreement on the Automatic Exchange of Information and the prospects for a swift implementation thereof, the committee called for the **definitive abolition of banking secrecy within the EU as of June 2015**. It also called for **tax agreements to be concluded also with third countries** before 31 June 2015 and called for coordinated action at EU level to pursue the application of standards of transparency with regard to third countries by incorporating these standards into future trade agreements.

The report stressed the fact that the fight against tax fraud, tax evasion, tax avoidance, aggressive tax planning and tax havens, and an improved framework for the correct functioning of the Single Market via **effective tax policy legislation**, can be achieved better with a **common approach**.

The committee:

- drew attention to the need to keep **tax competition between Member States fair and transparent**, and thus conducive to growth and employment, whilst ensuring that the European banking sector can remain competitive in global terms, in order to prevent tax flight away from the EU;

- condemned the **secret agreements** on tax exemptions signed between certain Member States and certain multinationals with the aim of attracting companies, to the detriment of other Member States' tax systems;

- stressed that EU tax policies should therefore be designed in a way which minimises obstacles to SMEs, and that further efforts are needed to eradicate tax obstacles and administrative burdens for **SMEs**;

- highlighted that **increased tax policy harmonisation** would ensure that Member States' tax policies support wider EU policy objectives as set out in the Europe 2020 strategy;

- recalled that a **low tax level** is essential not only for the social welfare of families and households but also for competitiveness and new jobs

Boosting the benefits of the internal market through taxation policy: the Commission in particular is called upon to:

- develop concrete proposals on how to tackle tax obstacles that hinder the cross-border activity of individuals and businesses in the Single Market;

- put forward concrete proposals to tackle the VAT gap in order to fight tax fraud and tax evasion;

- come up with a clear legislative framework to ensure equality between e-products and their physical alternatives;

- carefully study the options for the introduction of a minimum rate of corporation tax as a means of curbing damaging tax competition.

The report underlined the urgency to act and the importance of an **ambitious financial transaction tax (FTT)** and called for the FTT revenues to be part of an own resource under the EU budget. It also called on the Member States to swiftly agree to a **Common Consolidated Corporate Tax Base** (CCCTB) which would be compulsory in a first step for European companies and European cooperative societies and, in a second step, for all other companies except for micro, small and medium-sized enterprises.

Fighting tax fraud, tax evasion and aggressive tax planning and tax havens: the Commission is invited to:

- develop further initiatives to promote **good governance** in tax matters in third countries, to tackle aggressive tax planning and to address double (non-)taxation gaps;

- make tackling tax evasion a **top priority**, and to come up with wide-ranging and effective proposals against tax havens and avoidance in the first six months of 2015;

- support the establishment of an **intergovernmental tax body** under the auspices of the United Nations with the aim of ensuring that developing countries can participate on an equal footing in the formulation and reform of global tax policies;

- update the Action Plan against tax fraud, tax evasion and aggressive tax planning based on the pledges of the G20 leaders to ensure the fairness of the international tax system;

- propose a common EU position and a broadened set of detailed criteria for the **definition of tax havens** and coordinated penalties to be imposed on uncooperative jurisdictions.

Member States are called upon to equip their competent authorities to carry out rigorous and through investigations, and put forward sanctions such as suspending or revoking the banking or advisory licences of financial institutions, if it has been proven that they have assisted in tax fraud.

Promoting viable tax coordination for a long-term, growth-oriented economic policy: Members called on the Commission and Member States to enhance the use of the **European Semester** by integrating the EU tax gap strategy into the annual national stability and growth programmes and national reform programmes.

The Commission is invited to: (i) develop a **European taxpayers' code** setting out best practices for enhancing cooperation, trust and confidence between tax administrations and taxpayers; (ii) fully embed pragmatic tax coordination in the European Semester cycle as part of a stronger economic policy coordination; (iii) reflect on new and innovative types of taxes conducive to growth and employment.

Member States are called upon to: (i) simplify their tax systems, modernise their tax administrations and enhance their tax collection performance; (ii) **shift the tax burden away from labour to other forms of sustainable taxation**, given that environmental taxes have the potential to generate revenues and jobs.