Intergovernmental Conference IGC: revision of the Treaties, the financial interests and the European Prosecutor

1999/0825(CNS) - 14/03/2000 - Document attached to the procedure

PURPOSE : to present the supplementary contribution of the Commission to the Intergovernmental Conference on institutional reforms relating to qualified majority voting for Single Market aspects in the taxation and social security fields. CONTENT : the Commission proposes to introduce qualified majority voting for instruments allowing the co-ordination of national rules or the introduction of minimium requirements in the areas of taxation and social security . As far as indirect taxation is concerned, where a significant degree of harmonisation has already been achieved, separate specific considerations apply. The perspective of enlargement up to 28 Member States constitutes an important increase in terms of numbers and diversity of national economies and legal systems. The number of players in the Single Market whether national or private will almost double. In addition, the performance gap between Member States' economies will also enhance diversity in the Single Market. The fact that an important number of new Member States will be undergoing long term structural changes means that the Union will be faced with an evolving environment. The three effects combined will tend to bring out and accentuate the remaining imperfections of the Single Market, notably in the areas of social policy and taxation. Uneven levels of application of Community law, incompatible national rules and distortions of competition may affect the Single Market in a way that requires co-ordinated responses on behalf of the Community. With the Economic and Monetary Union, the need for greater co-ordination of fiscal and structural policies has increased. In addition, globalisation has reinforced the potential spill over effects across Member States, which could distort the functioning of the Single Market. The Union can only cope with this challenge by enhancing the efficiency of its decision making process. Hence, the need for greater recourse to qualified majority voting, to the extent that it necessary for the establishment and functioning of the Single Market. The switchover from unanimity to qualified majority voting will merely enhance the decision-making capacity of the institutions. The Commission proposes to the Conference that qualified majority voting should be introduced for: - adoption of coordinating provisions intended to remove a direct obstacle to the exercise of the four freedoms, and in particular to prevent discrimination and double taxation; - measures which modernise and simplify existing Community rules in the indirect tax area in order to eliminate distortions of competition; - measure which ensure a uniform application of existing indirect taxation rules and guarantee the simple and transparent application of such rules; - taxation measures which have as their principal objective the protection of the environment and have a direct significant effect on the environment; - adoption of provisions directly governing the levying of tax and aimed at preventing fraud, evasion or tax avoidance in order to eliminate cases of double non-taxation in cross-border situations and to prevent circumvention of existing provisions, particularly in the VAT field; - measures of co-ordination of social security schemes in order to facilitate the free movement of persons; - measures providing for minimum requirements which are necessary to allow for the effective exercise of the free movement of persons or to prevent distortions of competition through artificial lowering of social protection standards. In addition, the Commission proposes with a view to consolidating the Treaty and providing for more readily understandable provisions: - to widen the scope of beneficiaries of Article 42 EC over and above workers to include all persons exercising a right of free circulation and to allow the Council to extend wholly or partly the existing instruments to non-EC-nationals; - to include in the tax chapter measures on mutual assistance and co-operation between the tax authorities which would currently be concluded on the basis of a provision in another chapter of the Treaty.