Tax policy in the Union, priorities : VAT, excise duties, energy and environment, enterprises

2001/2248(COS) - 14/03/2002 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution drafted by Benedetto Della Vedova (TDI, Italy) on the Commission's Communication on tax priorities. Parliament felt that tax competition is not at odds with the completion of the internal market, which does not entail a total levelling-out of competitive conditions in each country and certainly not those relating to taxation. Whilst the tax dimension is an internal issue, there should be increased efforts to remove discrimination, double taxation and administrative barriers. Tax competion may in itself be an effective instrument for reducing a high level of taxation. On VAT, the Commission is asked to introduce in the rules either an exemption with a refund scheme, a mandatory reimbursement of VAT or a super-reduced rate for charities. Parliament went on to note a correlation between excessively high taxes and lack of economic growth. Member States with a level of taxation substantially above the average should lower relevant taxes, particularly those on labour. Parliament disagreed with the Commission's policy on duties on tobacco and alcohol, particularly with regard to upward harmonisation, through the constant raising of minimum taxation levels. There is a serious problem with smuggling, which is less attributable to the different tax levels in Member States than to the high level of taxation overall. On energy, the "polluter pays" principle needs to be more widely applied, but it should be implemented not only through taxation but also regulation. There should be favourable tax regimes or temporary tax holidays for the most innovative sectors, to develop a knowledge-based society. Parliament went on to state that there is an urgent need to tackle the main tax obstacles to cross-border activity by European firms, particularly those linked to the fiscal treatment of intra-group pricing, cross-border loss relief and cross border flows of income between associated companies. It shares the Commission's view that companies with an EU wide operation could have a consolidated corporate tax base. There could be new, harmonised EU rules, existing in parallel to national rules, available to European companies as an optional scheme. Taxation levels must remain the exclusive competence of Member States. The harmonisation of tax on company revenues makes no sense, even in the form of the introduction of a minimum level of tax.