Basic information

1997/2011(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Development of tax systems within the Union **Subject** 2.70 Taxation	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	ECON Economic and Monetary Affairs, Industrial Policy	SECCHI Carlo (PPE)	23/01/1997
Council of the European Union			

Key events

Date	Event	Reference	Summary
22/10/1996	Non-legislative basic document published	COM(1996)0546	Summary
17/02/1997	Committee referral announced in Parliament		
12/05/1997	Vote in committee		Summary
12/05/1997	Committee report tabled for plenary	A4-0169/1997	
28/05/1997	Debate in Parliament		
29/05/1997	End of procedure in Parliament		
16/06/1997	Final act published in Official Journal		

Technical information

Procedure reference	1997/2011(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/08566

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A4-0169/1997 OJ C 182 16.06.1997, p. 0002	12/05/1997	
Text adopted by Parliament, single reading		T4-0276/1997 OJ C 182 16.06.1997, p. 0015-0059	29/05/1997	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(1996)0546	22/10/1996	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES0773/1997 OJ C 296 29.09.1997, p. 0037	09/07/1997	Summary

Development of tax systems within the Union

1997/2011(COS) - 29/05/1997 - Text adopted by Parliament, single reading

The report by Mr Carlo Secchi (EPP, I), adopted by the European Parliament, calls for fiscal policy in the EU to be realigned in line with environmental protection and employment policy. It calls for the EU's powers in respect of fiscal harmonization to be extended to company taxation and tax on capital. Parliament is of the opinion that tax systems should be graduated in a way which is socially just, simple and transparent and it advocates the application of a minimum rate of tax on all income in the European Union. It welcomes the creation of a High Level Group of Representatives of the finance ministers to coordinate tax policies but asks for the European Parliament to be included in the discussions and decision-making. It calls on the Commission to draft a European Union Convention in order to eliminate all forms of double taxation to which frontier workers in particular often fall victim. It is in favour of reducing the fiscal burden on labour and introducing environmental taxes and energy taxes. The report asks the Commission and the Council to include certain points in the draft code of conduct which must be respected by the Member States, such as a minimum threshold for the taxation of capital income and the exclusion of disproportionate forms of tax relief for firms receiving state aid, with swift agreement on minimum energy and environmental taxes and coordination of the taxation of capital income for EU residents and non-residents in general. Parliament also underlines the vital contribution of progressive tax to social justice. It should be noted that Parliament rejects Chapter 4 of the report and calls for majority voting to be introduced in Council on all issues concerning tax harmonization.

Development of tax systems within the Union

1997/2011(COS) - 09/07/1997 - Economic and Social Committee: opinion, report

The Committee welcomes the Commission's approach of looking at the tax system as a whole, as discussing each major type of tax separately automatically implies far-reaching changes in the financing structure both of the public sector and private households. The tax discussion should thus be comprehensive. The further harmonization of the internal market progresses, the more clearly differences in tax systems are felt and the more relevant they become for the decisions of economic operators. The basic principle here is that minimum harmonization of taxes and tax bases is needed most where the tax base is at its most mobile, i.e. in relation to income from capital such as interest and dividends. By limiting tax fraud a contribution can be made to financing a reduction of pressure on labour in those states which are the source of savings and thus the basis for the taxation of interest. The Committee endorses the Commission's strategy for the future and recommends that the Commission make use of Article 101 of the EC Treaty so that strategies to block progress on EU-wide tax-policy coordination can be countered.

Development of tax systems within the Union

1997/2011(COS) - 22/10/1996 - Non-legislative basic document

OBJECTIVE: The Commission proposed a new and comprehensive vision of taxation policy in an initial document entitled "Taxation in the European Union" published on 20 March 1996. At the informal ECOFIN Council meeting in Verona on 13 April 1996, finance ministers agreed on the need to take forward the consideration of these issues in a High-Level Group to be set up and coordinated by the Commission. On the basis of this group's work, the Commission drew up a second report which sets out the lines of action for the harmonization or coordination of the taxation policies of the Fifteen. SUBSTANCE: In its analysis of the development of tax systems within the Union, the Commission points out that between 1980 and 1994 total taxes and social charges, expressed as a percentage of the EU average for GDP, increased by approximately 2% with, however, wide variations between Member States. Most of the total increase in taxation was accounted for by the rise in social security contributions. The European average of the implicit tax rate on employed labour increased steadily from 34.7% to 40.5%. The same rate for other factors of production (capital, self-employed labour, energy, natural resources) decreased from 44.1% to 35.2%. The rate for consumption was broadly stable, rising slightly from 13.1% to 13.8%. On the basis of its analysis, the Commission presents the way forward for the future, with three basic objectives: enterprise, employment and the environment. (1) Enterprise and the single market: the Commission highlights four areas of action which are essential to develop the taxation conditions for an optimum single market. The Commission will: - take forward its work programme for the introduction of a new common VAT system; - bring forward new proposals to remove tax disadvantages to cross-border economic activity, beginning with the payment of interest and royalties between associated companies; - clarify the scope and improve the consistent application of the Community competition rules, including the state aid rules; and - enhance the possibilities for greater cooperation and mutual assistance between tax authorities, notably through specific proposals in the area of the recovery of taxes. As for the taxation of savings, the Commission believes that the current situation is so disruptive that effective action must be taken. Introducing a minimum withholding tax would, in the Commission's view, be a valuable first step. It therefore urges the Council to restart its examination of the existing proposal on taxation of interest from savings. (2) Promoting employment: to promote employment, there is widespread agreement on the need to reverse the trend in taxation structures which places an increasing burden on labour compared to other tax bases. This approach must be followed in accordance with the principle of subsidiarity. Fiscal policy should also facilitate and sustain the job-creation capacity of SMEs. Taking better account for business taxation purposes of expenditure on intangible investment would contribute to raising qualifications, enhancing skills and improving innovation strategies. In the longer term, the Commission believes that there are major benefits to be derived from coordinating tax measures and presenting them as part of a Community-wide effort to reduce unemployment. (3) For the environment, the Commission acknowledges the need to explore an increased use of energy and environmentally related taxes. It will shortly be presenting a communication setting out guidelines for the Member States on the use of environmental taxes on the basis of current Community law. It will also be bringing forward new proposals on the taxation of energy products before the end of 1997. These proposals will provide a common framework, giving Member States flexibility to modulate their tax systems in the light of their own national circumstances while respecting the proper functioning of the single market. As regards methods, the Commission will propose that the task of strengthening cooperation should be entrusted to a taxation policy group which it would coordinate.