Basic information

2014/2144(INI) INI - Own-initiative procedure	Procedure completed
Annual tax report **Subject** 2.70 Taxation	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	KAILI Eva (S&D)	22/07/2014
	Shadow rapporteur STOLOJAN Theodor Dumitru (PPE) TERHO Sampo (ECR) VAN NIEUWENHUIZEN Cora (ALDE) PAPADIMOULIS Dimitrios (GUE/NGL) SCOTT CATO Molly (Verts/ALE)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Taxation and Customs Union	MOSCOVICI Pierre

Key events

Date	Event	Reference	Summary
24/11/2014	Committee referral announced in Parliament		
24/02/2015	Vote in committee		
04/03/2015	Committee report tabled for plenary	A8-0040/2015	Summary

25/03/2015	Decision by Parliament	T8-0089/2015	Summary
25/03/2015	Results of vote in Parliament		
25/03/2015	Debate in Parliament		
25/03/2015	End of procedure in Parliament		

Technical information	
Procedure reference	2014/2144(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/00964

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE541.536	12/11/2014	
Amendments tabled in committee		PE541.678	19/12/2014	
Committee report tabled for plenary, single reading		A8-0040/2015	04/03/2015	Summary
Text adopted by Parliament, single reading		T8-0089/2015	25/03/2015	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2015)345	22/07/2015	

Annual tax report

2014/2144(INI) - 04/03/2015 - Committee report tabled for plenary, single reading

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.

Annual tax report

2014/2144(INI) - 25/03/2015 - Text adopted by Parliament, single reading

The European Parliament adopted by 444 votes to 110, with 41 abstentions, a resolution on the Annual Tax Report.

Welcoming the agreement on the Automatic Exchange of Information and the prospects for a swift implementation thereof, Parliament 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.

Parliament insisted on the general principle that **taxes must be paid where public services are consumed**. It strongly condemned aggressive tax policies inducing taxpayers to shift their tax base out of countries in which they consume public services or benefit from a labour force which does so.

The resolution also 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**.

Parliament:

- 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;
- highlighted that 'business friendly' and 'investment friendly' **tax initiatives** are imperative in order to deliver a sustainable tax system which contributes to growth;
- 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.

Recalling that the financial sector should make a fair contribution to public finances, Parliament took note of the eleven Member States and their commitment to implement a financial transaction tax (FTT) with a wide scope and a small tax rate by 1 January 2016. It underlined the urgency to act and the importance of an ambitious FTT and called for the FTT revenues to be part of an **own resource** under the EU budget.

The resolution 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;
- 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.
- introduce as a next step **mandatory CbC reporting for cross-border companies**, excluding SMEs, in all sectors and in all the countries in which they operate, including non-cooperative jurisdictions and tax havens, through an immediate revision of the accounting directive.

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. The quantitative measurement of macroeconomic targets should be accompanied by qualitative indicators, in order to address long-term goals.

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.**