

Topics for consideration of the Platform for Tax Good Governance

Harmonisation of administrative procedures

The 27 member states use very different and complex administrative procedures, causing a growing existence of 'tax barriers'. This makes it difficult for businesses, especially SMEs, to expand and make full use of the Single Market. Common requirements for reporting (in content, shape and form) could alleviate some of the burden. This is very much the case for VAT but also for new initiatives on exchange of information and reporting for digital platforms.

The Platform could actively focus on these issues by inviting businesses and tax administrations to elaborate on the present situation and what could be done about it. In which areas can the Commission do more? How can we enhance acceptance of common reporting standards?

Tax cooperation

We have seen many different initiatives in the past few years to increase the cooperation between national tax authorities. To what extent have these cooperative schemes added to the efficiency of tax administrations throughout Europe? (e.g. Fiscalis).

Tax Incidence

The importance of proper and comprehensive impact assessment is very underestimated. The role of tax incidence is often not included. In a reply to a question by 2 MEPs, Commissioner Gentiloni confirmed the long-standing view held in economic academic literature that corporate taxes can be passed on to others. Specifically referring to the national DSTs, he noted how taxes can indeed be passed on to consumers, workers and smaller businesses. How can the platform ensure that any initiative/impact assessment on corporate tax also takes into account the importance of tax incidence?

(Full quote:

"All types of tax can be passed on to smaller businesses (or workers, or consumers), depending on a variety of factors, such as their price elasticity and their capacity to absorb it, but also their relative bargaining power and competing alternatives to the services offered by the directly taxed company. ")

The OECD has recently done work on the tax incidence of VAT and we should encourage more studies on this topic. When will we see European studies? Is this part

of the desired agenda for the Tax Observatory being set up? Can we invite academics on this topic?

A Greener economy

In the context of the Green deal, and the upcoming revision of the ETD and the proposal on a Carbon Border Adjustment Mechanism, it has been suggested that tax policy systems should move towards a greater reliance on energy tax revenues/pollution revenue/Carbon taxes/... , to achieve climate objectives. The Platform should be actively engaged in discussing tax principles on greenhouse gases and to assess possible implications on trade. The question of tax versus tariff needs to be addressed.

That brings me to another issue and this is tax and its implications for trade – taxes being used as trade barriers and for protectionist purposes. The impact on welfare for European citizens of such protectionist taxes should be discussed and analyzed.

Relations to third countries, in particular to developing countries

It is obvious from discussions at the UN, that the OECD and EU tax agendas are not always appreciated. Third countries in Africa and elsewhere do not always welcome European advice on how their tax policy should be run. They see limitations of their right to use tax incentives etc as infringements on their sovereignty.

What can the Platform contribute with to bridge the gap?

Double Taxation/ Tax Certainty

BusinessEurope of course still considers topics like avoiding international double taxation and the need for tax certainty very important for the Platform agenda. Dispute resolution and dispute prevention are included in the Action Plan presented July 15 and should of course be addressed. The same is true for tax simplification, taxpayer rights, digitalization in reporting and auditing (including joint audits). Since the JTPF is no longer active, elements of its agenda could perhaps be addressed in the Platform meetings. All these aspects are important for investments and job creation and for the well-being of European citizens.

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