

ECOFIN

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Tax Policy Work Programme by Commissioner Šemeta

Thank you for the opportunity to present the broad lines of my work programme as Commissioner responsible for Taxation and Customs Union, Audit and Anti-Fraud, which I will discuss with the College in the weeks to come.

EU is facing three interlinked challenges:

- Coordinating the crisis exit strategy and its impact on public finances,
- Boosting growth and social cohesion,
- Delivering on its energy and climate agenda.

Tax policies can represent a very effective tool in order to meet these challenges.

I - Exit strategy

Tax Policy cannot be absent in credible **exit strategies** and improving its coordination could play a fundamental role as part of a broader framework of overall economic policy coordination. In this context,

we need to extend our analysis of the quality of public finances beyond the expenditure side. It is important to consider the effectiveness of the tax revenues side in meeting budgetary needs and supporting growth strategies, while minimising burden on citizens and businesses.

The **fight against any undue loss of revenue** undoubtedly represents a vital tool to sustain national fiscal and budget policies as we exit the crisis.

I am committed to tackling tax evasion, avoidance and harmful tax competition at EU and at international level by promoting the principles of good governance (transparency, exchange of information and fair tax competition) in the tax area. I welcome the G20 conclusions, which addressed strong messages to uncooperative jurisdictions, including tax havens, and against bank secrecy.

I am of course willing to support the Presidency to reach agreement in the near future on the proposals under discussion in the Council.

Furthermore, following the invitation of the European Council, I am currently examining, in cooperation with Commissioner Rehn, how

tax initiatives could support **innovative financing** at global level as a contribution to the exit strategy.

To overcome this crisis, Europe can and should contribute to a coordinated and efficient exit strategy giving back confidence to businesses and citizens. While ensuring the necessary level of tax revenue, we also have to make sure that taxation systems positively contribute to the fostering of long-term sustainable growth and employment.

II - EU2020 : A Single market for growth

Europe needs to boost competitiveness and growth as a core priority and the internal market will be a key element of our EU2020 vision.

The proper functioning of the internal market therefore lies at the very heart of my priorities. In cooperation with M. Barnier, I will build on what I am sure will be valuable input from Mr Monti's ongoing work to ensure that taxation policy fully contributes to the relaunch of the single market.

For Businesses, reducing red tape and administrative burdens is essential in order to enable European economic actors, and notably SMEs, to unleash their full potential in the Internal Market. This

would include reduction of compliance costs and the definition of clear, simple rules, both in the direct and indirect tax areas.

It is essential to aim at the end of cross-border company tax problem such as double taxation, lack of cross border loss relief and onerous transfer pricing rules. In particular, I intend to work further on the concept of a common consolidated corporate tax base, which would provide for a common method of calculation of tax, thus making cross-border business easier.

Furthermore, a reflection on a new VAT strategy should be started, in order to make the VAT system simpler and modern and reduce even more the administrative burden for companies.

Citizens should also be freed from the tax obstacles they still suffer in cross border situations, while Member States would definitely benefit from closing existing loopholes in the internal market.

Therefore, I have the intention to launch soon a public consultation on the issue of **double taxation in cross-border situations**. This will be the basis for future initiatives helping Citizens to take full advantage of the Single market.

III - Leading on Climate change

Europe also needs a **greener economy**, in which the principles of environmental protection and energy efficiency are enshrined.

I believe that taxing CO₂ in sectors not covered by the EU emission trading system would be a cost-effective way to meet commitments under the climate change package. In full respect of the subsidiarity principle, a EU framework for CO₂ taxation would allow for a uniform, non discriminatory framework, fully coherent with the internal market objectives.

I will therefore pursue the development of a new "green" taxation framework.

As a first step, I will propose a revision of energy taxation addressing both the CO₂ price signal and energy efficiency. I believe that this will constitute an essential element of our strategy towards a low carbon economy.

Conclusion

Progressing together on tax policies at European level is an essential ingredient of the exit strategy and the appropriate response to our citizen's expectations.

I intend to make the best use of the instruments available to us to define and implement, during my mandate, a "Smart Taxation Agenda" in support of the EU 2020 Strategy for a competitive, connected and greener economy in Europe.

To help me in the design of this agenda, I will reflect on how to bring together high level policy-makers in order to discuss openly with a view to creating a new shared political impetus to progress on European taxation issues.

I look forward to your close cooperation on these issues and I thank you for your attention.