



## EUROPEAN COMMISSION

*Brussels, 26.7.2019  
C(2019) 5449 final*

*Mr Andreas NORLÉN  
Speaker of the Riksdag  
SE – 100 12 STOCKHOLM*

*Dear Speaker,*

*The Commission would like to thank the Riksdag for its Opinion on the Communication ‘Towards a more efficient and democratic decision making in EU tax policy’ {COM(2019) 8 final}.*

*The Riksdag underlines that national sovereignty in tax matters is crucial for Sweden’s competitiveness and for the funding of welfare, and considers that the shift in the EU decision-making procedure in taxation from unanimity to qualified majority would entail a transfer of power from national to EU level in a key area for all Member States.*

*With its Communication adopted on 15 January 2019, the Commission has intended to launch a broad political debate on the unanimity rule, which applies to all tax decisions taken at the level of the European Union. In the Commission’s view, this rule is clearly a major obstacle for the Union’s capability to respond timely and effectively to the needs of today’s technologically driven and globalised economy, as demonstrated, once more, by the recent debate on the Commission proposal for a digital services tax<sup>1</sup>.*

*The Commission is aware that taxation is a sensitive area for Member States, but underlines the importance of having this debate now, in response to clear expectations of citizens to fight tax fraud, evasion and avoidance more effectively. A gradual transition to qualified majority voting in selected tax matters, as suggested by the Commission, would be an important efficiency gain for the Union, allowing European businesses to be more competitive on the international stage and our tax systems to respond quickly to the emerging global challenges.*

*As regards the Riksdag’s assumption that only the unanimity principle ensures both the Government’s and Parliament’s influence on tax policy, the Commission would like to stress that – as recalled by the Riksdag itself – national Parliaments will continue to be closely involved in the decision-making process as they can object to the activation of the ‘passerelle clause’ and they are notified of all legislative proposals according to Article 12 of the Treaty on European Union.*

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<sup>1</sup> COM(2018) 148 final

*The Riksdag also emphasizes the importance of healthy and transparent tax competition in attracting investments for small, open market economies such as Sweden. The Commission does not contest that, in some cases, fair tax competition between Member States may have some benefits. However, in its Communication, the Commission also highlights that as in the Economic and Monetary Union, tax decisions taken by one Member State can have repercussions and, ultimately, may reduce the policy choices of all other Member States, therefore limiting their tax sovereignty.*

*Finally, the Riksdag considers that developments in recent years in the field of taxation have shown that the Member States can in fact agree perfectly well on taxation matters. While there is admittedly important progress in EU tax policy realised under the mandate of this Commission, it should not be underestimated that the recent momentum in taxation has been largely driven by public pressure and external influences, including because of tax scandals. More structural reforms, like the Common Consolidated Corporate Tax Base or the Single Value Added Tax area, are still to be adopted.*

*For these reasons, the Commission expresses its hope that Sweden will remain available for constructive and forward-looking discussions. As a starting point, the first step of the suggested transition relates to measures that are critical for combatting tax fraud, evasion and avoidance (such as administrative cooperation) and facilitating tax compliance for businesses in the Single Market (such as harmonised reporting obligations).*

*The Commission hopes that these clarifications address the issues raised by the Riksdag and looks forward to continuing the political dialogue in the future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Pierre Moscovici  
Member of the Commission*