



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
D(2012)

Opinion

Title **DG TAXUD - Impact Assessment on an Action Plan against tax fraud and evasion and on recommendations on good governance (draft version of 19 September 2012)***

(A) Context

Member States' budgets are currently under heavy pressure, as underlined in the Annual Growth Survey 2012. There is a need for a concentration of tax policy priorities on the potential of Member States for making their respective tax structures more growth-friendly, as well as improving the design and functioning of individual taxes.

In March 2012, the European Council called on the Council and the Commission to develop concrete ways to improve the fight against tax fraud and tax evasion, including in relation to third countries, and to report by June 2012. The Commission's response took the form of a Communication adopted on 27th June 2012. It also announced that it would come forward later this year with an action plan on the Communication's suggestions and with a complementary initiative on tax havens, non-cooperative jurisdictions and aggressive tax planning.

(B) Overall assessment

The report should be improved in a number of respects. First, it should enhance the problem description by better focussing on the concrete problems the initiative aims to address. The report should describe those problems with non-technical language and, where possible, with concrete examples. Second, the report should better describe the content of the options, streamline their presentation, for instance by merging all 'no EU action' options, and provide greater clarity on the discarded options. Third, the report should better assess impacts on the administrative burden, SMEs and competitiveness. It should include quantitative elements, for instance regarding the number of national anti-abuse measures and its expected evolution. Finally, the report should provide greater detail on stakeholders' different views, in particular, Member States' support to the envisaged measures.

In their written communication with the Board DG TAXUD accepted to amend the report along the lines of these recommendations.

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted

(C) Main recommendations for improvements

1) Better define the problem. The report should more clearly present the problems by focussing on the concrete issues that the initiative aims to address. Issues already dealt with by on-going initiatives (e.g. the loopholes in the Savings Taxation Directive) should be deleted (or moved to the context description section) in order to avoid confusion. Given the complexity of some of the issues covered (e.g. with regard to aggressive tax planning), their understanding should be facilitated by using simpler language and, where possible, by providing concrete examples. A refocused problem definition should also facilitate to establish a clear link between the retained objectives and the issues to be addressed.

2) Enhance the presentation of the options. The report should present simplified options by merging all 'no EU action' options into a single baseline scenario and by retaining a single level of options, instead of the current set of options and sub-options. It should clarify the content of a number of options, such as the planned Action Plan, in order to better understand and assess their implications. Insofar as possible, the report should consider further options to address the current lack of choice. In addition, the report should explain what other options (e.g. suggested by stakeholders) have been considered and why they have been discarded. Furthermore, policy option B should be deleted as the Code of Conduct is already addressing these issues according to the report.

3) Strengthen the analysis of impacts. The assessment of impacts should be developed by including, where possible, quantitative elements. Thus, the report could provide further detail, for instance, on the number of national anti-abuse measures and on its expected evolution if the recommendation on an EU-wide general anti-abuse rule is followed. The report should better explain the impacts on administrative burden and better justify certain conclusions, such as the expected reduction in compliance requirements for taxpayers. It should also provide a more complete assessment of the impacts on SMEs and micro-enterprises (e.g. by moving into the main report detail provided in the annex) and develop the analysis of the impacts on European firms' competitiveness of measures against double non-taxation. The options should be compared against the consolidated baseline scenario.

4) Better present stakeholders' views. The report should better describe stakeholders' different positions, in particular, Member States' support of the planned measures. If difficulties were encountered when requesting stakeholders' feedback, this should be acknowledged.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report

(D) Procedure and presentation

The report should better explain the terms and concepts used and use the terminology in a correct and consistent manner. All annexes should be referred to in the main report.

(E) IAB scrutiny process

Reference number	2012/TAXUD/005
External expertise used	No
Date of IAB meeting	17 October 2012 (Written Procedure)