


# Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	<a href="#">2001/2248(COS)</a>	Procedure completed
Tax policy in the Union, priorities : VAT, excise duties, energy and environment, enterprises		
Subject 2.70.02 Indirect taxation, VAT, excise duties 3.45.04 Company taxation		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<div>ECON</div> Economic and Monetary Affairs	TDI <a href="#">DELLA VEDOVA Benedetto</a>	10/07/2001
Council of the European Union European Commission	Committee for opinion	Rapporteur for opinion	Appointed
	<div>EMPL</div> Employment and Social Affairs	The committee decided not to give an opinion.	
	Commission DG	Commissioner	
	<a href="#">Taxation and Customs Union</a>		

Key events			
23/05/2001	Non-legislative basic document published	COM(2001)0260	Summary
28/11/2001	Committee referral announced in Parliament		
20/02/2002	Vote in committee		
20/02/2002	Committee report tabled for plenary	<a href="#">A5-0048/2002</a>	
13/03/2002	Debate in Parliament		
14/03/2002	Decision by Parliament	<a href="#">T5-0125/2002</a>	Summary
14/03/2002	End of procedure in Parliament		
27/02/2003	Final act published in Official Journal		

Technical information	
Procedure reference	2001/2248(COS)
Procedure type	COS - Procedure on a strategy paper (historic)

Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/15474

#### Documentation gateway

Non-legislative basic document		COM(2001)0260	23/05/2001	EC	Summary
Economic and Social Committee: opinion, report		<a href="#">CES1486/2001</a> <a href="#">OJ C 048 21.02.2002, p. 0073</a>	28/11/2001	ESC	
Committee report tabled for plenary, single reading		<a href="#">A5-0048/2002</a>	20/02/2002	EP	
Text adopted by Parliament, single reading		<a href="#">T5-0125/2002</a> OJ C 047 27.02.2003, p. 0419-0591 E	14/03/2002	EP	Summary

## Tax policy in the Union, priorities : VAT, excise duties, energy and environment, enterprises

**PURPOSE :** to set out the priorities on tax policy in the European Union. **CONTENT :** The Communication sets out the general and specific objectives of tax policy for the years ahead and discusses the mechanisms to achieve these objectives. With regard to general objectives, EU tax policy must: - underpin the Lisbon goal for the EU to become the most competitive and knowledge-based economy in the world. - support the Internal Market by allowing all Member States to compete on a level playing field. - contribute to the durable reduction in the overall tax burden in the EU, by ensuring a balance between cutting taxes, investing in public services and sustaining fiscal consolidation. - support the modernisation of the European Social Model. - reinforce policy areas. The EU must focus on practical problems for individuals and businesses operating within the Internal Market. This must be accompanied by steps to assist Member States in combating fraud and tax evasion. Double taxation due simply to the cross-border nature of economic activities cannot be accepted, but its elimination should not create opportunities for tax avoidance and evasion. Greater co-ordination of Member States' tax systems should not give rise to unintentional non-taxation. The Commission identifies some specific tax policy objectives: - the rapid implementation of the Commission's VAT legislative strategy for the next five years. - in view of the urgent need for more approximation of laws in the area of environmental and energy taxation in the EU, a thorough examination of ways forward. - both for health reasons and to restrict fraud and smuggling, the Commission has proposed measures which enhance convergence between the excise duty levels in the Member States on tobacco and is consulting in relation to excise duty on alcohol. - in the corporate tax area, the debate centres around whether, with increasing cross-border activity, tax obstacles can continue to be tackled by piecemeal approaches that leave national company tax systems intact. Whilst the setting of national tax rates falls within the exclusive competence of Member States, a more ambitious approach, such as a common set of rules for company taxation, may be needed. The study of company taxation will assist the Commission in reaching a view. - It is imperative to eliminate tax obstacles to the cross-border provision of occupational pensions (see Communication on pensions taxation.) The Commission will actively monitor Member States' rules and take action where necessary. - a move to qualified majority voting for certain tax issues is indispensable, especially where there are distortions of the Internal Market. The legal basis, however, remains unanimity for now. Community legislation on taxation is important, but the Commission will use all mechanisms, including a) a more pro-active and even-handed use of infringement proceedings in the tax field and b) careful consideration to an increased use of non-legislative solutions - such as recommendations, guidelines and interpretative notices - and to the mechanism of enhanced co-operation.?

## Tax policy in the Union, priorities : VAT, excise duties, energy and environment, enterprises

The European Parliament adopted a resolution drafted by Benedetto Della Vedova (TDI, Italy) on the Commission's Communication on tax priorities. Parliament felt that tax competition is not at odds with the completion of the internal market, which does not entail a total levelling-out of competitive conditions in each country and certainly not those relating to taxation. Whilst the tax dimension is an internal issue, there should be increased efforts to remove discrimination, double taxation and administrative barriers. Tax competition may in itself be an effective instrument for reducing a high level of taxation. On VAT, the Commission is asked to introduce in the rules either an exemption with a refund scheme, a mandatory reimbursement of VAT or a super-reduced rate for charities. Parliament went on to note a correlation between excessively high taxes and lack of economic growth. Member States with a level of taxation substantially above the average should lower relevant taxes, particularly those on labour. Parliament disagreed with the Commission's policy on duties on tobacco and alcohol, particularly with regard to upward harmonisation, through the constant raising of minimum taxation levels. There is a serious problem with smuggling, which is less attributable to the different tax levels in Member States than to the high level of taxation overall. On energy, the "polluter pays" principle needs to be more widely applied, but it should be implemented not only through taxation but also regulation. There should be favourable tax regimes or temporary tax holidays for the most innovative sectors, to develop a knowledge-based society. Parliament went on to state that there is an urgent need to tackle the main tax obstacles to cross-border activity by European firms, particularly those linked to the fiscal treatment of intra-group pricing, cross-border loss relief and cross border flows of income between associated companies. It shares the Commission's view that companies with an EU wide operation could have a consolidated corporate tax base. There could be new, harmonised EU rules, existing in parallel to national rules, available to European companies as an optional scheme. Taxation levels must remain the exclusive competence of Member States. The harmonisation of tax on company revenues makes no sense, even in the form of the introduction of a minimum level of tax.?

