

## **ETAF Conference on “Future dynamics of EU tax policy”**

On 5 December 2019, over 80 participants from the EU institutions, different stakeholders and many tax advisers joined the Conference on "Future Dynamics of EU tax policy" hosted by ETAF in Brussels.

Philippe Arraou (President of ETAF) welcomed the audience and the speakers by highlighting the important role played by regulated tax professionals for both businesses and tax administrations. Though remarking the relevance of national sovereignty over tax policy, Mr Arraou mentioned the existing public pressure to empower the European Union to design the tax policies impacting internationalized businesses.

In her keynote speech, Maria Teresa Fabregas Fernandez (Director Indirect Taxation and Tax Administration at DG TAXUD, European Commission) described the possible tax priorities of the European Commission in the next 5 years. Ms. Fabregas Fernandez pointed out the importance that European tax policy continues to serve its citizens and industry but that the current framework does not cope with the reality of today's economy. She confirmed that the European Green Deal would be high on the tax agenda of the EU. The first action of the Commission in this area should be the update of the Energy Taxation Directive to align it with policies concerning climate change, including an end to fossil fuel subsidies. Other than that, the Commission would continue working on improving VAT legislation in order to simplify the system and fighting tax evasion. Finally, Ms. Fabregas Fernandez remarked that the Commission would continue fighting tax fraud and harmful tax regimes and eventually work towards using the passerelle clauses to move towards qualified majority voting.

In the first panel Ms. Fabregas Fernandez, Martin Martinez-Navarro (Référéndaire at the European Court of Justice in the Cabinet of the Irish Judge Collins) and Marcus Scheuren (Senior Adviser at ECON Secretariat, European Parliament), discussed these tax priorities and the relationships between the different EU institutions in setting up tax policies. Mr. Scheuren highlighted that tax challenges cannot be addressed only at national level and that one of the key strengths of the European Parliament is its ability to set the agenda and to act as an open

forum of debate. Ms. Fabregas Fernandez underlined that the European Commission would like the European Parliament to have a greater say in economic issues. Some of the current provisions in the EU treaties allow for this, but they have never been used due to the lack of political willingness. As the context is currently evolving, the current Commission will attempt to advance this debate. Mr. Martinez-Navarro emphasized the growing role that the European Court of Justice (ECJ) is playing by setting precedents that will apply to future EU rules.

The second panel focused on how the EU and the OECD influence each other when it comes to designing and implementing tax policies. Bernardus Zuijdendorp (Head of Unit Company Taxation Initiatives at DG TAXUD, European Commission), Piergiorgio Valente (President of the Confédération Fiscale Européenne) and Marek Belka (Member of the European Parliament, S&D, Poland) debated about the last developments of the OECD proposal to reform the international tax system and the role of the European Union in promoting this topic at global level. Mr. Valente agreed that the OECD is the proper forum for discussions on taxation issues and that OECD decisions are more desirable than unilateral actions. He also pointed out that the real question regarding digitalization is not whether companies are paying enough tax but whether they are paying taxes in the right country. Mr. Zuijdendorp remarked that the European Commission has provided the impetus for discussion concerning digital taxation and that the relationship with the OECD is mutually beneficial. He explained that despite some disagreements, there is still a common perspective on international taxation among EU countries. Mr. Belka indicated that the EU should increasingly speak with one voice concerning taxation issues in order to become more influential. He stressed that with a common currency and the single market, the EU is indeed a world superpower on the economic stage and should be able to push discussions in a direction that is beneficial to the EU. Mr. Belka pointed out that circumventing unanimity rules is possible and should be used in cases where distortions are created in the common market. Regarding digital taxation, he agreed that unilateral actions by countries are suboptimal but they can stimulate a common EU solution.