

ETAF MANIFESTO

EU ELECTIONS 2024



ABOUT ETAF

The European Tax Adviser Federation (ETAF) is the European umbrella organisation for 215 000 tax professionals regulated by law from France, Germany, Belgium, Romania, Hungary, Austria and Croatia.

Our main role and mission are to represent regulated tax advisers at the European level in liaising closely with European policy makers in order to promote good legislation in tax and professional matters, defend independence and confidentiality for tax practitioners, pursue sustainable professional regulations and contribute to fight abuse and illegal acts.

ETAF was launched in December 2015 as an international non-profit organisation (AISBL), governed by Belgian law and located in Brussels. ETAF is a registered organisation in the EU Transparency Register with the register identification number 760084520382-92.

OUR MEMBERS



ITAA

Institute
for Tax Advisors
& Accountants



*Count on Us. Count, with Us.
Always!*

KSW

KAMMER DER
STEUERBERATER:INNEN UND
WIRTSCHAFTSPRÜFER:INNEN



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Philippe Arraou, ETAF President



“In Europe, you need both the fireman and the architect”.

This famous quote from the EU’s founding father Jacques Delors holds more truth today than ever before. The Israel-Hamas war and the Russian’s aggression against Ukraine are terrible reminders of the importance of a cohesive Union that can act quickly and decisively in the face of global challenges. At the same time, we need a long-term vision for building a strong European Union, ready to face the uncertainties of the future.

The upcoming European Parliament elections in June 2024 are the perfect opportunity to reaffirm our commitment to the European project and choose representatives who will champion our values and aspirations on the European stage. This is all the more important as the results of the European Parliament elections will significantly influence the composition of the next European Commission and therefore the shaping of EU policies.

To determine our demands for the next legislature, we started by asking ourselves why the EU matters for the tax profession. The answer of our members was unanimous: **the European Single Market is a real success story.**

In many ways, the European Single Market has facilitated cross-border activities of companies. The free movement of goods, services, capital and persons has opened up a lot of possibilities and created great economic advantages, while regulations have been put in place to ensure a high level of consumer protection, product safety and the provision of qualified services. For tax advisers as well, the Single Market has brought new perspectives and activities.

Since its creation in 2015, ETAF has always supported the strengthening of the European Single Market. However, this firm support comes with high expectations. Our members expect a reliable legal framework for tax advisers that allows to invest in digitalisation, sustainability and qualification for the benefit of the taxpayers.

In Europe, cross border-operating enterprises are still confronted with bureaucratic burden of diverging corporate tax systems. In view of the special legislative procedure in tax matters based on the EU treaties, ETAF calls on the Member States to promote business in Europe and to agree on a legal framework to implement a common corporate tax base. Besides this, the rationalisation and further reduction of EU reporting obligations should also be given top priority in the next European Commission.

As much as the EU matters for the tax profession, we do believe that **the tax profession matters for the EU.** Tax advisers contribute to a stable and growing economy. They play an important role in the tax collecting process in the Member States and create a relationship of trust between taxpayers and tax authorities. They have become over the years an indispensable guide for SMEs and individuals through the complexity of national and EU taxation. This fundamental role for the society as well as the benefits of professional regulation must finally be recognised and protected at EU level.

This manifesto aims at setting out our demands to the European Commission and the European Parliament for the next five years, with a view to ensure that the EU tax system is simpler, rationalised and future-proof.

PROMOTION OF PROFESSIONAL REGULATION

A regulated tax adviser is by nature exercising an independent and liberal profession. However, a regulated tax adviser will always have to act within the boundaries of tax laws, professional law and other compliance-related regulation (e.g. anti-money laundering obligations).

Professional law codes such as the ones in place in ETAF Member States act as a **supplementary framework** obliging and controlling that tax advisers act in full accordance with all applicable laws and regulations, and use only legal means available for their clients. Trespassing can not only lead to a case of liability vis-à-vis his or her client but also constitutes an infringement of professional law which is subject to penalties.

A strong professional law presents a win-win-situation: On the one hand, tax advisers help the companies to pay their fair and due share of taxes and on the other hand, they disburden the State with their compliance and consultation function which are reinforced by professional law. Hence, regulated tax advisers play an important role in ensuring tax compliance and contribute significantly to the tax revenues of the Member States.

It is for this reason that the ETAF Member States impose a strict and legally binding professional law on tax advisers and aim at promoting professional regulation throughout the EU.

RECOMMENDATIONS

1 Encourage the development of national professional law frameworks

ETAF strongly recommends to encourage every EU Member State **to introduce or strengthen national binding professional law frameworks**.

Every EU Member State should:

- regulate tax advising activity,
- ensure high level of access qualification and continuous mandatory professional training,
- set up professional organisations with mandatory membership and sanctioning competencies.

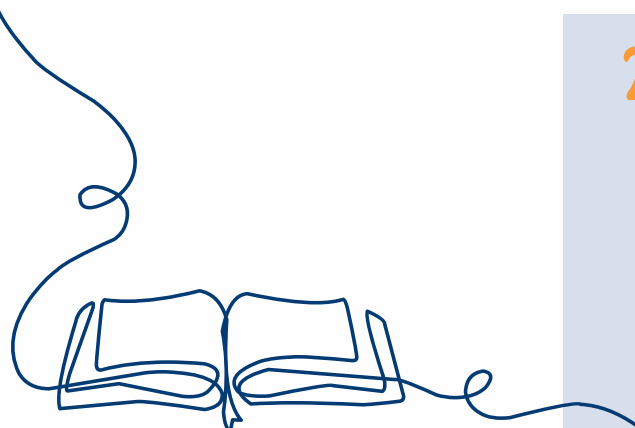
This should include **making tax advice a reserved activity in all the Member States** as well as a public acknowledgment of the mission of public interest of regulated tax advisers.

In this context, we urge the next European Commission to launch a reflection rather in this direction instead of pursuing the postponed Securing the Activity Framework for Enablers (SAFE) initiative, which would on the contrary risk impeding well-functioning national professional regulations.

2 New study on the regulation of intermediaries

The next European Parliament should continue to investigate this issue, for instance, **by updating the incomplete 2022 study** "Regulation of Intermediaries, including tax advisers, in the EU/Member States and best practices from inside and outside the EU", commissioned by the FISC subcommittee.

The new version should contain a real overview of the regulatory framework for tax intermediaries in all EU countries and provide concrete recommendations.



SAFEGUARDING PROFESSIONAL SECRECY

Professional secrecy is neither a privilege nor a favour, but an obligation. It is an essential element of any rule-of-law system and represents one of the core values of the exercise of the profession.

Tax advisers must be in the position to carry out their mission with full knowledge of the facts. To do so, they must be able to inspire complete trust to their clients, so that the latter do not hesitate to entrust them with sensitive information and can be assured that the confidentiality will be preserved. Citizens and companies must be able to expect that their rights and legitimate interests are defended independently, freely and impartially by the tax professionals.

In recent years, however, we have been monitoring – on both European and national levels – an increasing tendency to mitigate professional secrecy or to annul it. The legislators often invoke reasons of State supervision and prosecution, such as the fight against money laundering, the supervision of data protection obligations or other interests of civil society.

EU institutions should move away from the idea that professional secrecy is a pretext to cover tax evasion.

In fact, a professional who has been criminally involved in organising his client's tax fraud, would never be able to invoke professional secrecy in respect of these facts. We therefore urge the European legislators **to better protect the professional secrecy of tax advisers in EU legislative acts.**

In many ETAF Member States, the professional duties of tax advisers and lawyers are overlapping, sometimes almost identical. Both professions are subject to a statutory duty of confidentiality and have a comprehensive right to refuse to give evidence in criminal proceedings.

In some EU Member States, tax advisers are authorised to act as representatives in fiscal court and, in some cases, social court proceedings. They may also act as defence counsel in criminal tax proceedings. Furthermore, tax advice is a form of legal advice that may be provided by both tax advisers and lawyers.

The negotiations on several EU legislative initiatives have shown that there is no uniform understanding of the legal professions. As a consequence, this regularly leads to unequal treatment between tax advisers on the one hand and lawyers on the other. In view of the fact that both professions carry out partially identical activities, there must be **equal treatment.**

RECOMMENDATIONS

3 Better protection of professional secrecy in EU legislation

Tax advisers are already subject to limits in the use of the professional secrecy principle in their respective national regulation.

The European Commission and the European Parliament should therefore better protect this principle **by ensuring the respect of national rules regarding professional secrecy.**



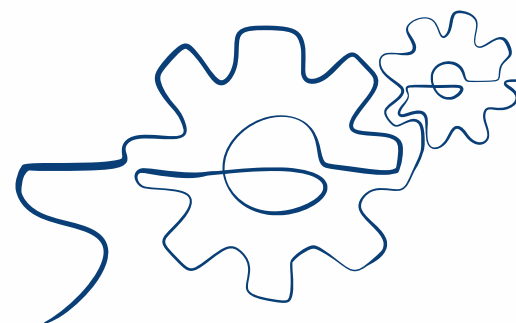
4 Fair treatment of the profession

Ensuring a fair treatment of the tax profession by **finding the balance with the treatment of lawyers and auditors** concerning the protection of professional secrecy is a necessity. In EU legislation, professional secrecy could be better protected by turning away from the inadequate concept of "legal professional privilege" and instead rather applying the more general wording **"professional secrecy"** or choosing a legislative wording referring to "legal professions according to the national provisions" or "legal professions in the understanding of the Member States" which would be much more appropriate.

RATIONALISATION OF EU REPORTING REQUIREMENTS

In the last years, the cumulation and frequency of tax proposals generated difficulties in evaluating the benefits and burdens of every single legislative act. This leads to the introduction of further highly complex legislations, some of which pursue similar goals, i.e. often the fight against tax avoidance. At the same time, these legislations generate an always **higher reporting burden** for taxpayers, their tax advisers and tax authorities.

This is the reason why ETAF welcomed very much the announcement of the von der Leyen Commission to reduce the bureaucratic burden weighing on companies by 25%. We expect the next European Commission to turn words into actions and pursue this effort towards **greater rationalisation** of EU reporting requirements on a **permanent basis**.



RECOMMENDATIONS

5 A consistent approach

Reducing bureaucratic burden for enterprises must not be a temporary action or a simple election campaign issue. ETAF calls on all EU legislative institutions to create structures and agree on binding interinstitutional rules to ensure a consistent reduction of bureaucratic burden and to secure **a permanent low level of bureaucracy**.

6 Revise DAC6

The main current problematic reporting requirement for the tax profession originates from the Directive 2018/822 (DAC6), which imposes a disclosure obligation for intermediaries, including tax advisers, for "reportable cross-border arrangements".

Our members reported that the DAC6 reporting requirements have limited or even no effect in practice as very few of the numerous reports received are actually followed by a legal action. In view of **the disproportionate cost/benefit burden** generated by the DAC6 reporting requirements, we urge the next European Commission to revise the Directive.

We believe that DAC6 could be limited to **its original purpose**, namely the exchange of data between tax authorities, and that the reporting requirements of DAC6 should be abolished. Another possible solution could be to create a white list of harmless tax arrangements – currently falling under the scope of the existing Directive – that would not need to be reported anymore in the future.

7 Application of existing rationalisation instruments

Existing instruments for streamlining reporting obligations, such as the Regulatory Fitness and Performance Programme (REFIT), the SME test and the "once only" principle, must be applied consistently in the future. In particular, the "one in, one out" principle, according to which newly introduced burdens in one policy area should be offset by removing equivalent burdens in the same policy area, must also be observed throughout **the entire legislative process**.

8 Regular cost/benefit analysis

Any implemented EU legislation that contains new reporting obligations should undergo a thorough cost/benefit analysis no later than **three years** after its introduction.

9 Digitalisation of reporting processes

The reporting process should be digitalised as much as possible. The European Commission should be tasked with designing **an EU-wide digital infrastructure** for uniform automated data provision, capable of detecting and, consequently, excluding duplicated or redundant data provision.

10 Conduct a parallel rationalisation exercise

The next European Parliament and the Council should, in parallel, conduct their **own rationalisation exercise**. We also expect the next European Parliament and the Council to thoroughly monitor the application of the "one in, one out" principle. In addition, we recommend that both institutions nominate their **own SME envoy**.

THE PROFESSION IN THE DIGITAL AGE

The dawn of the digital age and its newest blossom, artificial intelligence (AI), have marked the beginning of a transformative phase, presenting both **opportunities** and **challenges** that necessitate proactive measures from the European Commission.

These shifts will certainly affect society as a whole and the tax advisory profession won't be immune, as AI will require tax professionals to acquire **new skills** and undergo **continuous training**.

RECOMMENDATIONS

11 Ensure the protection of clients' data

Tax advisers are custodians of sensitive financial information, and the shift to digital platforms can potentially increase the risk of data breaches and cyber-attacks. For this reason, ETAF advocates for **stringent data protection safeguards** in all new EU tax legislations.

12 VAT fit to the digital age and the AI-age

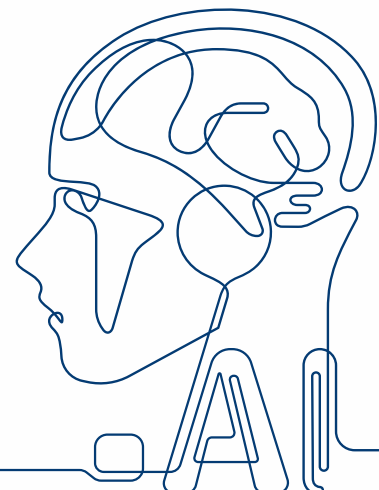
ETAF calls on the Member States to implement digital VAT platforms which allow for **a safe exchange of digital reporting requirements**. This will not only help to reduce VAT fraud but will bring down administrative and compliance costs of EU enterprises. The core advantage of digitalisation and the use of AI is to interconnect, to automate and to improve interconnection with different processes. Therefore, ETAF asks to explore potential advantages for the economy when connecting e-invoicing with e-governance, e-custom and e-finance.

13 Harmonisation of tax rules for new complex cross-border cases

With the growing complexity of cross-border transactions and the boom in digital economies, new challenges have emerged, such as taxation of crypto-assets and taxation of digital nomads, with more to come. We need **harmonisation of tax rules** at EU level on these new challenges **from the start** in order to avoid fragmentation, legal uncertainty and tax disputes.

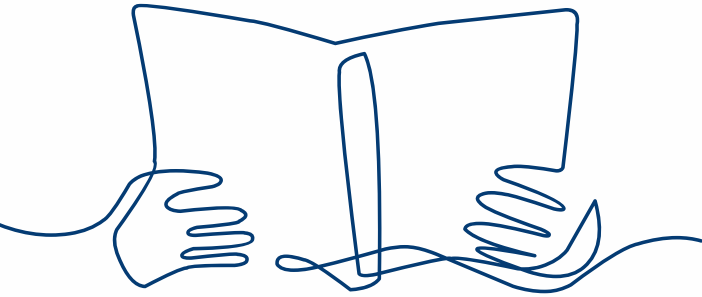
14 Fair play in the digital single market

We call for the continuation of the principle **"what's illegal offline should be illegal online"** and of the country of destination principle in order to keep the same professional, ethical, and quality standards as traditional tax advisers.



DEVELOP TAX EDUCATION AND TAX HONESTY

In recent years, the focus has been put a lot on intermediaries and their duties in the EU. We observed this trend in the work of the European Commission as well as in the work of the European Parliament. But what about **the taxpayers' responsibility**?



Several studies have shown that taxpayer education has the potential to reduce taxpayer **lack of knowledge**, which has been identified as one important barrier to **tax compliance**. Recent evidence also shows that improved tax morale leads to improved tax compliance.

ETAF believes that everyone has its role to play and that more should be done at EU level to promote tax education, encourage tax honesty and, overall, create a culture of tax compliance.

The European Commission already made several attempts to further develop tax education, including the launch in 2017 of the pilot project TAXEDU. We encourage the next European Commission and European Parliament to continue this effort altogether and create **a holistic approach** towards tax education.

RECOMMENDATIONS

15 Pan-European awareness campaigns

We expect the next European Commission to continue promoting the importance of tax literacy and **raising awareness about tax obligations**, deadlines, taxpayer's rights, how taxes are spent and penalties in case of tax fraud. We believe that the EU Tax Observatory could have an even greater role to play in this regard.

16 Sharing best practices on tax education

The European Commission should try to facilitate as much as possible the collaboration between Member States and the exchange of best practices, resources, and successful strategies for tax education.

17 Standardised and digitalised tax education programmes

Going even further, the Commission should encourage Member States to adopt a **tax education programme in secondary school**.

Member States should also be encouraged to invest in digital platforms and tools that can reach a wide audience, offering interactive and engaging content for improving tax knowledge. A support could be provided through special EU funding.

18 Encourage tax honesty at EU level

We ask the European Commission to launch a reflection at EU level on how to achieve **more tax honesty**, including to explore more simplifications of the tax system and of tax filing obligations, active regret possibilities and penalty-exempt voluntary self-disclosure.

19 Research support

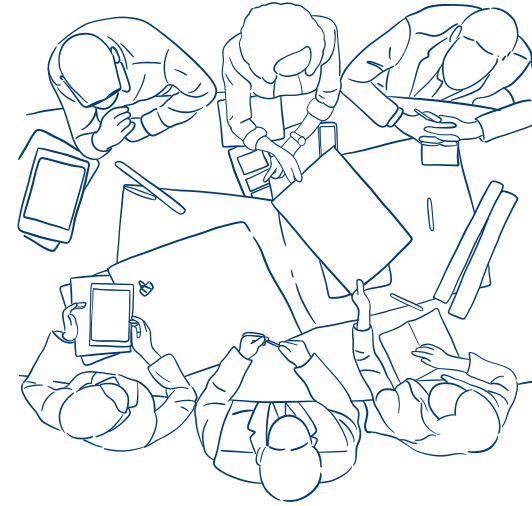
We encourage the European Parliament to organise more hearings and to commission studies to feed the reflection on how to improve tax education and tax honesty.

In this regard, the annual **EU Tax Symposium** should continue beyond the current European Commission and the role of the European Parliament as co-organiser should be institutionalised.

AN INCLUSIVE APPROACH TO STAKEHOLDER ENGAGEMENT

Incorporating diverse perspectives into the decision-making process ensures that EU policies are **well-founded, effective and aligned** with the needs of businesses and EU citizens. While we recognise the continued efforts of the European Commission and the European Parliament to engage with the public in the development of EU policies, we believe there is still room for improvement in integrating stakeholders' views more meaningfully.

We therefore advocate for **a more inclusive, comprehensive and structured approach** to stakeholder engagement, ensuring that the voices of experts and practitioners are heard effectively.



RECOMMENDATIONS

20 More detailed calls for evidence

We urge the European Commission to provide **more detailed** calls for evidence, particularly for complex tax proposals. The recent calls for evidence on the Securing the activity framework of enablers (SAFE) initiative and the Business in Europe: Framework for Taxation (BEFIT) proposal were particularly vague and ambiguous, making it challenging for stakeholders to provide meaningful contributions before the proposals are actually published.

21 Clear deadlines for feedback

The traditional 8-week deadline to submit feedback on a given proposal is, in most cases, **challenging** for EU federations like ETAF, who have to gather and put together inputs from their national members. This is all the more true given the pace at which EU tax proposals have been adopted in recent years.

We observed some recent cases where the Commission encouraged stakeholders to submit their feedback at the earliest stage before the deadline. To safeguard the efficiency of public consultation, we are calling on the Commission to ensure that all submissions are **treated equally** and that there is no advantage to submitting early.

22 Improved follow-up on public consultation results

The Commission should make a more concerted effort to follow-up on the results of its public consultations, providing clear feedback to stakeholders on how their inputs have been considered and actually **incorporated** into the policy-making process.

23 More Commission expert groups on tax topics

Recognising the effectiveness of Commission Expert Groups, we recommend the creation of **additional tax-related groups** open to tax practitioners' organisations, in addition to the Platform for Tax Good Governance and the VAT Expert Group.

24 Increased frequency of EP public expert hearings

Although it is only consulted on tax matters, the European Parliament has gained a lot of influence on this topic over the years. For this reason, we support **more frequent schedule** of public expert hearings in the subcommittee on tax matters (FISC), providing stakeholders with an opportunity to present their views directly to MEPs.

25 A sound reform of EP working methods

ETAF is also closely following the current reform of the European Parliament's internal working methods and the potential impact it could have for tax stakeholders. We urge the Parliament to ensure that the reform strengthens the opportunities for **meaningful engagement with tax experts** and practitioners. In this regard, maintaining the FISC subcommittee and the IMCO committee is of particular importance for the tax profession.

OUR 25 RECOMMENDATIONS

PROMOTION OF PROFESSIONAL REGULATION

- 1 Encourage the introduction or the development of national professional law frameworks in all EU Member States
- 2 Update the incomplete 2022 EP study on the regulation of intermediaries

SAFEGUARDING PROFESSIONAL SECRECY

- 3 Better protect professional secrecy in EU tax and AML legislations by ensuring the respect of national rules
- 4 Ensure a fair treatment of the profession in EU legislation by finding the balance with the treatment of lawyers and auditors concerning the protection of professional secrecy

RATIONALISATION OF EU REPORTING REQUIREMENTS

- 5 Adopt a consistent approach in all EU institutions on the reduction of bureaucracy
- 6 Revise the inefficient and burdensome DAC6 Directive
- 7 Apply existing rationalisation instruments
- 8 Further digitalise the reporting processes
- 9 Conduct regular cost/benefit analysis for every new implemented EU legislation no later than three years after its introduction
- 10 Start a parallel rationalisation exercise by the EP and the Council and thoroughly monitor the application of the “one in, one out” principle

THE PROFESSION IN THE DIGITAL AGE

- 11 Help tax advisers ensuring the protection of their clients' data
- 12 Continuation of the principle "what's illegal offline should be illegal online" and of the country of destination principle
- 13 Agree and implement the ViDA package
- 14 Harmonisation of tax rules for new complex cross-border cases

DEVELOP TAX EDUCATION AND TAX HONESTY

- 15 Launch pan-European awareness campaigns with the support of the EU Tax Observatory
- 16 Facilitate collaboration and exchange of best practices between Member States
- 17 Encourage the introduction of digitalised tax education programmes, starting in secondary schools
- 18 Launch a reflection on how to achieve greater tax honesty at EU level
- 19 Feed the reflection on how to improve tax education and tax honesty with EP hearings and studies, and perpetuate the EU Tax Symposium

AN INCLUSIVE APPROACH TO STAKEHOLDER ENGAGEMENT

- 20 Issue more detailed calls for evidence and 21 set clear deadlines for feedback
- 22 Improve the follow-up on public consultation results
- 23 Set up more experts' groups on tax topics open to tax practitioners
- 24 Increase the frequency of public experts' hearings in EP committees
- 25 Adopt a sound reform of working methods in the EP strengthening opportunities for stakeholder engagement

GET IN TOUCH



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