

# NEWSLETTER SPECIAL EU ELECTIONS 2024



## DISCLAIMER

*The purpose of this newsletter is to provide information to our members and subscribers on the expectations for the future European Parliament of a selected group of MEPs representing the current four main political groups in the European Parliament. Interviews were conducted in writing and reproduced faithfully.*

*It does not reflect any political stance of ETAF and should not be considered as an endorsement of MEPs statements nor as a written statement on behalf of ETAF.*

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EU ELECTIONS: HOW DOES IT WORK?



*Philippe Arraou, ETAF President*

# FOREWORD

Dear ETAF members,

Dear friends,

2024 is shaping up to be an exciting year. The forthcoming European elections, to be held from 6 to 9 June, will undoubtedly help profile the future of democracy in Europe. This event will be an exceptional opportunity for us all to decide collectively on the future direction we want for the European Union. Democracy should never be taken for granted: it is the sum of collective efforts and a collective responsibility in which we all have a role to play. Democracy begins with the people; our vote in the European elections is the spearhead of future decisions taken in the European Parliament that will undoubtedly have an impact on our individual lives. If we do not participate in future European elections, we will lose the opportunity to shape the future; worse still, European parliamentary democracy will lose its vitality and its values will be undermined.

We cannot forget the great influence that the European Parliament, and especially the FISC subcommittee under the chairmanship of MEP Paul Tang (S&D, The Netherlands), has had over the last five years in the area of taxation. Although it does not have a formal competence on tax matters, the European Parliament has emerged as a strong and credible player on many tax files, such as the global minimum corporate tax, to name but one. We can only hope that the next European Parliament will pursue this direction.

Now, as we look ahead, ETAF has chosen the forthcoming European elections as an opportunity to question leading MEPs from the four largest political groups on their vision of the future of the European Parliament and of the European tax policy. And, as it is the DNA of our federation, we also took this opportunity to ask them about the value they place on regulating the tax advising activity in Member States.

I would like to extend our warmest thanks to the four Members of Parliament who did us the honor of sharing their experiences and visions for the future of the EU: Ms Lídia Pereira (EPP, Portugal), Mr Alfred Sant (S&D, Malta), Mr Dragoș Pișlaru (Renew Europe, Romania) and Ms Kira Marie Peter-Hansen (Greens/EFA, Denmark).

We have no doubt that their testimonies will arouse the interest of our readers and remind them of the need to go to the polls next June.

Yours faithfully,

Philippe Arraou

# FOUR QUESTIONS TO...

## How do you see the European Union in the years to come?

I see the future of the European Union with confidence, enthusiasm and commitment. It is true that in the last 15 years we have faced several crisis, from the financial crisis to the current geopolitical uncertainty and instability. In between, we faced a pandemic that closed our economies and influenced our societies in a way that we still have to study.

However, if we conduct a fair evaluation, the truth is that the EU showed resilience and capacity to act. We responded to the financial crisis with the most advanced legislation in the area of banking; we responded to the pandemic with solidarity - SURE is a paramount example - and commitment to research and distribution of vaccines; we tackled the economic situation with the most ambitious programme - in financial terms - in our history, the Recovery and Resilience Facility; and we are working on the Economic Governance reform to adapt our public policies to the challenges of this decade.

These achievements make me confident that we will face the challenges ahead with ambition. I believe we have to tackle the Digital and Green transitions, the emergence of Artificial Intelligence or the matter of EU competitiveness in a multipolar world with intelligent solutions. With that, I mean that the Union cannot be seen as a legislation factory, but a pivotal platform to enhance sustainable economic growth, intergenerational solidarity and fairness, competitiveness, true solidarity and cohesion and, in essence, a new horizon of hope for citizens. I say citizens, because it is time to stand for Europe as a citizens building and not a political or bureaucratic monster. I am confident in the future because I trust on European citizens to be engaged and motivated to participate in such future.

I understand that we face important challenges: economic growth is not at the levels we want and need; inflation is still high; the multiple elections this year in the EU and across Member States; the instability in our borders, namely in the East; the volatile international scenario; etc. I acknowledge these are challenging times and I know that this framework leads people to discontent and even disbelief. Nevertheless, I trust that we - the moderates - will be able to form a wide and inclusive alliance focused on concrete solutions to concrete problems people face nowadays. For that ambitious goal, we have to count with everyone.



**Lídia Pereira**  
(EPP, Portugal)

## **Which direction would you like the European Union to take in terms of European tax policy?**

Tax Policy is primarily a national competence. I am a strong advocate for national tax sovereignty. I believe that the current institutional framework - the EU treaties - should be revised to adapt the EU to the challenges we will be facing in the next decades. However, in taxation, I think we have a balanced and sound distribution of competences. I am strongly against the "europeization" of tax policy, as I stand for competitiveness-driven policies. Fair, transparent and loyal tax competition contributes, in a positive way, for the overall competitiveness of the EU.

We have to promote sustainable public investment, but we have also to create the conditions to support private investment and attract investors to our internal market. This starts with a complete Economic and Monetary Union and, for that, we need to close the Banking Union (with a deposit insurance scheme). At the same time, we need to commit with our Capital Markets Union, once again with intelligent legislation, that doesn't overburden the companies that want to flourish in our internal market. We have a long way to go before we decide to change the institutional framework in areas such as taxation.

On the other hand, this position leads me to the matter of accountability and responsibility of Member States. National governments have to do their fair share. I believe that the future of EU taxation is a future of more administrative cooperation, of intelligent solutions - like HOT or UNSHELL - to support companies and tackle fraud and evasion, of simplification and of proportionality. We just can't afford to overburden our economic agents with taxes or bureaucracy when we need them to invest, to create jobs and to generate growth. We need every Euro to these objectives and not to be wasted in paperwork.

## **According to you, which measures should be taken in the future to continue the fight against tax fraud and evasion in the European Union?**

The combat against tax fraud and evasion is the main priority for the so called EU Tax Policy. We have the legislative powers, the resources and the political will to go further on this area. I think the UNSHELL Directive is a good example, but we are still waiting for a Council decision. On the other hand, the work done with the Anti-Money Laundering Package proves that we can find space for improvement when there is will and effort. I hope the Council changes its posture when it comes to taxation. EU economy needs decisions - an adoption or a rejection - and not uncertainty. What happens today is that the Commission proposals are announced, they count on the Parliament's opinion and then they get old in the Council side. I would say that our economy suffers from this "grey" environment. We prefer to have decisions, whatever they are.

I stand for limited, proportionate and intelligent legislation. I believe we have to give time for legislation to show results. However, tax fraud and evasion are evolving realities and I believe that a revision of the Anti Tax Avoidance Directive should be considered in the next legislative period. This time, not to make small changes, but to adapt this legislation to the challenges of a more digitized and "online" world.

Finally, I would say that we strongly need stability on DAC revisions. I use the same arguments to stand for a political high level decision: do we need an overall revision of DAC or do we finally stand at the 9th version? This is important not only for taxpayers, but also for national tax authorities and... tax advisers.

## **What value do you place on professional regulation for tax advisers in the EU?**

Tax advisers are an essential part of the taxation ecosystem in the EU and, particularly, in Member States. The lion share of legislation regulation this profession is at the national level and that makes sense until certain point. Tax professionals know better than anyone that the EU legislation - in tax or other areas - is increasingly impacting tax policy in Member States and tax planning in companies.

That is why I see a trend and even a growing political will to go beyond on the legislation on tax professionals. That is why the work of national organizations but, specially, the European Tax Adviser Federation is so important: to guarantee that any legislation to come is adequate to the specific reality of the profession, proportionate in the approach and future-driven in the objectives.



# FOUR QUESTIONS TO...

## How do you see the European Union in the years to come?

Efforts will be made to deepen and streamline its reporting and decision-making structures but they are likely not to proceed fast and to create uncertainties. Similarly for efforts to widen EU membership.

Matters will be complicated by the current drive, likely to continue, to turn the EU into a military alliance, which will create problems as to how this is going to be funded, and which will put pressure on the EU's flagship policies of digitisation and the "Green Deal", not least in terms of competition for finance. In both these areas, the rhythm of implementation has been flagging.

If over the medium term, Putin's war in the Ukraine drags on, these challenges could turn into crises.

The EU will need to recover an economic growth rate that while being eco-friendly, will help generate more business investment and initiative. That has been a difficult target to reach in recent years.

## Which direction would you like the European Union to take in terms of European tax policy?

The EU like all its Member States, needs to ensure that all taxes due and payable are well received, at Union and national levels. Ongoing efforts to make this truly happen need to be carried forward and if necessary, reinforced. So the current AML and associated measures must be implemented effectively, even if a watch is also maintained to ensure they do not simply serve as a bureaucratic burden on firms, especially SMEs.

I disagree completely that there should be some harmonisation of tax rates between Member States, allegedly to avoid harmful tax competition and tax evasion/avoidance/aggressive tax planning (though as far as I know there is no tight legal definition of the latter term).

Tax competition is a legitimate tool of policy, especially for States that lack physical, technical, cultural etc. endowments (like islands, peripheral economies and so on). On this basis, the EU should follow the US model and not interfere in national tax policies.



**Alfred Sant**  
(S&D, Malta)

## **According to you, which measures should be taken in the future to continue the fight against tax fraud and evasion in the European Union?**

Rather than push for tax harmonisation, the need is for full transparency in tax systems. So I would support any model that while allowing Member States to set their own tax policies the way they deem fit, also obligates a universal and ongoing disclosure of taxes due and paid by corporate and private persons, as well as of taxes set and taxes received by state authorities. All information to be made available Europe-wide in a timely manner at a central clearing house.

## **What value do you place on professional regulation for tax advisers in the EU?**

There has to be a statute which gives tax advisers recognition for their work (for it is necessary and useful) and which sets standards. It cannot operate as a self-regulated system, but should be run by a European authority that does not operate bureaucratically and is empowered to – in full consultation with all relevant actors – define and set professional standards, while overseeing their observance, even establish Europe-wide warrants for tax consultants.

# FOUR QUESTIONS TO...

## How do you see the European Union in the years to come?

I would like to see a more social Europe. A more competitive Europe. And more Europe overall.

I hope to see the concept of solidarity better reflected in social investments that can tackle poverty and social exclusion, in particular for young people and children. We demonstrated true proof that solidarity can unite us in providing solutions for our citizens, it is thanks to our solidarity and determination that we tackle the economic and social consequences of the COVID-19 pandemic through the Recovery and Resilience. We must continue to be ambitious and to reach economic and social convergence, as well as social and territorial cohesion.

We need a more competitive Europe, as we must support the development of our entrepreneurs, help our SMEs grow and expand and cut redundant red tape through digitalisation.

Our continent proves that it stands as a normative global power, we have our ambition highlighted in the Green Deal, we have the first regulation on Artificial Intelligence, we need to prove this ambition in practice, to increase our production capacity.

Finally, we need more Europe. Russia's unprovoked invasion of Ukraine reminded us the importance of unity. Ukraine and the Republic of Moldova are making tremendous efforts to join the European Union, and we must fully support them in this process. We must be equally ready to welcome them in our family. We need to show more flexibility in terms of decision-making and to have a proper economic governance framework.

## Which direction would you like the European Union to take in terms of European tax policy?

I believe the European Union should further consolidate its fiscal capacity. The Parliament has already expressed its position in favour of the abolition of all rebates and corrections, the simplification of the VAT-based own resource, the unity of the EU budget and the use of fines and fees as extra revenue for the Union budget. All these measures are needed in order to adapt to current challenges and to find fresh and genuine own resources.

In terms of fiscal policies at EU level, I believe that the unanimity rule is no longer adapted to the current political context. If we wish to progress, particularly looking at the EU enlargement perspectives, we need to introduce the qualified majority vote as option to adopt fiscal policies at EU level.



**Dragoș Pîslaru**  
(Renew Europe, Romania)

## **According to you, which measures should be taken in the future to continue the fight against tax fraud and evasion in the European Union?**

I am glad that we managed to have an agreement and create an EU anti-money laundering authority (AMLA), which will have supervisory and sanctioning powers into the area, we should focus on empowering AMLA to become operational as soon as possible.

We should also focus on the digitalisation of tax administrations in order to tackle tax evasion and reach our harmonisation goals. We must also improve data transparency and cooperation in data exchange across the EU, in order to better monitor tax avoidance practices.

## **What value do you place on professional regulation for tax advisers in the EU?**

Tax advisers and intermediaries can play a crucial role in the fight against tax fraud and tax evasion. They are very important for instance to help taxpayers to understand and comply with tax obligations. And any regulation must ensure that this positive works continue. What I think it is needed at EU level are perhaps some guidelines, if a legal constraint is not possible, on how to avoid that advisers do not play a part in any type of illegal activity. In essence, the establishment of some ethical parameters would be extremely useful to clarify the professional activity for tax advisers and to combat tax avoidance or aggressive tax planning.

# FOUR QUESTIONS TO...

## How do you see the European Union in the years to come?

In times of war in Ukraine, a crisis in the Middle East that do not seem to be over anytime soon and several actors on the international scene with unpredictable priorities and behavior, it has become increasingly important that the EU stand together.

Further, it is essential that the economic structures in the EU are robust and creates stability on the market, encourages fair and just behavior from the actors on the financial markets, while ensuring fair and just distribution of gains, in order to maintain and strengthen cohesion of our societies in the EU.

I find it essential that the European Union in the future continues to strengthen all parts of the union, including the banking union, while also developing at EU level structures that can support both the financial sector, and the global EU economic system we live in.

I find it essential for the European economy that the banking union works, especially for the stability of the sector, after having witnessed the banking crisis and the volatility of both the banking sector, but also the markets in general.

Creating strong structures to make banks more resilient to economic crises, can prove a very good investment, as we have seen in recent years, instability also can hit banks hard, and become very expensive for citizens, businesses and societies as a whole. Creating a banking sector that can support competitiveness in the EU while maintaining a strong and robust economic base is key, reflected in this year's Banking Union report, where competitiveness is in focus. While competitiveness is important, we do however find it important that the biggest banks do not expose themselves to unstable investments - for example into fossil fuels, where we saw the energy crisis in 2022-2023 creating massive challenges for banks as well as the financial sector in general.

## Which direction would you like the European Union to take in terms of European tax policy?

Even if we would look into a stable and growing economy, which we most likely do not, I personally, and members within my political family with me, do see possibilities in creating more stable own resources on EU-level, and taxation is an obvious and straight forward tool, as it can be targeted, and structured.



**Kira Marie Peter-Hansen**  
(Greens/EFA, Denmark)

We do not see a discrepancy between maintaining national income and corporate taxation and TVA, while at the same time setting leveled playing field for taxation of wealth, financial transaction tax, tax on flights etc. Common standards, floors and ceilings for taxation can prevent internal EU competition on taxation, while increasing the tax revenue of member states and the EU. The fact that the EU member states, depending on who you ask, are missing out on billions of tax income, due to lack of common rules on taxation levels, is really the best argument for changing it, and why not use the EU as the framework, considering that a global tax system has a very long if even possible perspective.

## **According to you, which measures should be taken in the future to continue the fight against tax fraud and evasion in the European Union?**

I think we have come a long way, by addressing some of the underlying structural challenges and obstacles to fighting tax fraud and tax avoidance through the latest anti-money laundering package. With more strict controls, more transparency, better access to registers amongst many other elements, we have set new standards for what we want actors, authorities and the public to focus on, when identifying and combating money laundering. While the measures in themselves might not be sufficient to completely avoid fraud, it is setting standards and hopefully to creating a more sound culture in the sector.

Looking ahead, the EU need to agree on common standards for Business income taxation and thereby hopefully in the future make the system of transfer pricing between multinational companies and there sub-companies redundant. This could create more transparency and thus less risk of tax avoidance and fraud.

Finally, the EU needs to strengthen the tool of the identification of non-compliant tax authorities/countries, the blacklisting of states where the taxation and banking systems are not in conformity with EU requirements. The procedure is still too weak, and lack clarity on criteria and on how they apply to different states. On top of that, it is a scandal that even EU Member states continue to be non-compliant, causing an unfair and unacceptable lack of equal levels of corporate taxation.

## **What value do you place on professional regulation for tax advisers in the EU?**

Coming from a country with traditionally high trust in authorities, including in professional tax advisers, I think creating a system that ensures that tax advisors meet certain standards on EU-level, corresponding to what exist on national level is important, even if today the national standards are not identical. Common standards for professional regulation can help guarantee strong and clear standards of consumer protection, ensuring compliance and creating public trust in the system in general, some of the core elements to create a robust and trustworthy system of tax advisers.

# EU ELECTIONS: HOW DOES IT WORK?

## SETTING UP THE EUROPEAN PARLIAMENT



European elections are held every **5 years** by direct universal suffrage in a single ballot. Each Member State has a fixed number of Members of the European Parliament according to the principle of degressive proportionality. The European Council has increased the number of seats for the next legislative term from 705 to **720**. Elections are contested by national political parties but once MEPs are elected, they do not sit on the basis of their nationality but on the basis of their political affiliation. The political groups are made up of at least **23 MEPs** representing at least a **quarter** of the Member States. There are currently **7** political groups.

## ELECTION OF THE PRESIDENT

The President is elected by an absolute majority of MEPs for a renewable term of **two and a half years**. The group with the most MEPs has a good chance of getting the Presidency of the European Parliament. A first election is generally held in **July**, immediately after the election of the new Parliament, and a second, mid-term election is held two and a half years later, in **January**. Nominations are generally put forward by the political groups. Voting is by secret ballot and the candidate must obtain an absolute majority of the votes cast, i.e. **50% plus one**. Parliament cannot devote itself to any other activity until its new President has been elected.



## ELECTION OF VICE-PRESIDENTS AND QUAESTORS



At the same plenary session in **July**, the European Parliament elects its **14** vice-presidents and **5** quaestors. Candidates are nominated and elected in the same way as the President. At a further stage, the EP forms its committees and elect their chairs and vice-chairs.

## SETTING UP THE EUROPEAN COMMISSION

After the elections, one of the first tasks of the new Parliament is to elect **a new President of the European Commission**. The Member States nominate a candidate for the post, but their choice must take account of the results of the European elections, according to EU treaties. Subsequently, each Member State proposes a Commissioner, and the designated President distributes the portfolios among them. The EP committees then hold hearings to assess the qualifications of the proposed Commissioners and the EP plenary votes to officially elect the **College of Commissioners**. The entire procedure should be completed before the previous Commission's five-year term of office ends on **31 October 2024**.



## THE SPITZENKANDIDATEN PROCESS



For the **2014** European elections, the European Parliament and the European Commission have proposed introducing the **Spitzenkandidaten process**. It is a German term that can be translated as "lead candidate" and which foresees that the party with the greatest representation at the end of the elections can put forward the Parliament's candidate for Commission President. The aim is to strengthen the link between Europe and its citizens, who through the election of their MEPs will play a role in electing the President of the Commission. In **2019**, the political groups failed to form a majority behind any of the lead candidates. But the major European political parties have not given up on this approach and are likely to push for this system again.

**FROM 6 TO 9 JUNE 2024 – GO VOTE!**



## ABOUT ETAF

ETAF is a European umbrella organisation for 215 000 tax professionals from France, Germany, Belgium, Romania, Hungary, Austria and Croatia. ETAF was launched in January 2016 as an international non-profit organisation (AISBL), governed by Belgian law and located in Brussels.

The main role and mission of ETAF are to represent the tax profession at European level in liaising closely with European policy makers to promote good legislation in tax and professional matters. ETAF is a registered organisation in the EU Transparency Register with the register identification number 760084520382-92.

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