

ETAF position paper on the future Single Market strategy 2025

Introduction

The European Commission is preparing a Single Market strategy for 2025 in order to fully exploit the potentials of the Single Market and to boost productivity in the EU. This Single Market strategy will primarily consist of an action plan announcing various binding and non-binding initiatives which the Commission intends to put forward over the coming years. It shall be released in June 2025. The European Commission has launched the present [consultation](#) in order to obtain information on the current functioning of the Single Market.

According to the Commission, productivity gains are to be achieved by removing "*existing regulatory and administrative barriers*" and by preventing new ones from materialising. The strategy will address both services and goods and propose measures for a stronger horizontal Single Market oversight ("horizontal governance").

The initiative originally stems from the Member States: In 2024, the European Council and the Competitiveness and Growth Council (COMPET) [called on](#) the Commission to adopt a new horizontal strategy to reduce fragmentation and complete the Single Market. Commission President von der Leyen [tasked](#) Executive Vice-President Séjourné, upon taking office, with developing the Single Market Strategy by June 2025, including considering a legislative act to prevent barriers in the Single Market ("Single Market Barriers Prevention Act").

The European Tax Adviser Federation (ETAF) is the European umbrella organisation for 220 000 tax professionals from France, Germany, Belgium, Romania, Hungary, Austria and Croatia. One of its main roles and missions is to promote good legislation in professional matters and to pursue sustainable professional regulations. ETAF responds to the present call for evidence from the viewpoint of its members, who are regulated tax professionals.

I. General orientations for the future strategy

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

We believe that any reform of the Internal Market must respect the subsidiarity principle and the country of destination principle, and that the following general orientations should guide the upcoming strategy.

A. Focus on SMEs

The future Single Market strategy must prioritize small and medium-sized enterprises (SMEs), ensuring they do not become the unintended losers of this initiative. SMEs, which form the backbone of the EU economy, are disproportionately burdened by the constant amendment of laws and associated resource-intensive measures. To alleviate these pressures, low-impact reporting obligations and other bureaucratic requirements should be eliminated entirely, and the legislative machinery of Internal Market policy streamlined.

In particular, attention must be paid that the implementation of Mr Letta's proposal to introduce a 28th regime to operate in the Single Market – although very promising – will not, in the end, create further barriers for SMEs.

Only by reducing red tape and facilitating greater participation of SMEs, the Single Market can be transformed from a perceived obstacle into a genuine opportunity.

B. Use the full potential of digitalization

The future strategy must fully embrace the potential of digitalization for companies. Administrative procedures – such as accessing information, submitting reports and interacting with authorities – must be further digitalized and harmonized to ensure consistency and efficiency. Businesses operating cross-border require legal certainty and swift administrative decisions. Preauthorization mechanisms could be introduced for companies that have already demonstrated compliance with regulatory requirements.

In this context, ETAF would like to emphasize the pivotal role regulated tax advisers play in advancing the Single Market through electronic invoicing. By guiding businesses in meeting new legal obligations, advising on compliant software and training on the use of e-invoicing tools, they facilitate a smooth digital transition, enhancing efficiency and competitiveness across the EU.

C. Simplify tax law

In line with Ms von der Leyen's commitment to reduce EU reporting requirements by 25%, ETAF is calling on the European Commission to take bold and consistent action to declutter the European tax system. As recognised in the [Letta report](#), *"tax is another area where complexity is a major barrier to cross-border trade and investment"*.

A dedicated Omnibus Regulation simplifying over-complicated, ineffective or redundant pieces of EU tax law should be presented as soon as possible and, in this context, the European Commission should not shy away from clearly removing unnecessary or overlapping provisions.

II. Specific comments on the regulation of the tax profession

In the area of services, the focus will be on the cross-border provision of services. These shall be facilitated by reducing existing "administrative barriers." One question seems to be if the formal recognition of professional qualifications is still needed in the context of cross-border service provision or if this requirement could possibly be waived, as the Commission states: *"Access to over 5 700 regulated professions remains restricted by Member States, making it necessary to have professional qualifications formally recognised."*

ETAF calls for the upcoming strategy to exclusively focus on removing unjustified barriers to the Single Market and ask EU legislators to acknowledge that there are some justified barriers, responding to public interest objectives which must be safeguarded.

A. Panorama of regulated tax professions in the EU

The tax professions in the EU are not harmonised. The landscape of tax professions is broad and diverse. Many countries have regulatory approaches in place, but a wide spectrum can be observed: in some Member States, there is only a voluntary membership in a professional organisation requiring a certain level of training and the observance of a code of conduct, but linked to the voluntary membership. Other Member States legally recognise the professional title, while some of them reserve tax advisory services for specific professions due to quality reasons.

Seven Member States have strong regulatory systems in which the tax professionals are mandatory members of a self-governing organisation that is itself supervised by the state, and where the profession is subject to national professional regulations which foresee sanctions in cases of misconduct.

This diversity in the EU is primarily based on historical developments, differences in professional ethics, views on the legal status of specific professions and, last but not least, the 27 different tax law systems. Consequently, the professional regulatory systems are deeply rooted in the respective national legal orders.

The Court of Justice of the European Union has taken this diversity into account and decided, specifically in the case of tax advisers¹, that in the absence of harmonisation of the conditions of access to a particular occupation, the Member States are entitled to lay down the knowledge and qualifications needed in order to pursue it and retain the power to define those conditions as these conditions have not, up to the present time, been harmonised at EU level.

The ETAF members are professional bodies representing regulated tax advisers governed by a strong professional law. A regulated tax adviser is by nature exercising an independent and liberal profession. However, he or she will always have to act within the boundaries of the existing tax laws, professional law and other compliance-related regulation.

Professional law codes such as the ones in place in ETAF Member States act as a supplementary framework obliging and controlling tax advisers to act in full accordance with all applicable laws and making sure they only use available legal means for their clients.

Hence, regulated tax advisers have an important function in ensuring tax compliance and in contributing significantly to the tax revenues of the Member States. For this reason, the ETAF Member States impose a strict and legally binding professional law on tax advisers and ETAF promotes national professional regulation throughout the EU.

B. Benefits of professional regulation for the economy

Qualified tax advice contributes significantly to economic dynamism and the competitiveness of the EU. The standards of quality, trust, independence, consumer protection and personal service provision are the real values of tax advisory services for the economy.

In contrast, the European Commission places greater emphasis on economic aspects. It views certain professional and sector-specific regulations as "barriers" and believes that their "removal" could stimulate economic growth.

The overall question must always be whether a possible relaxation of the requirements for access and exercise of tax advisory professions could benefit taxpayers, particularly companies and SMEs.

It might seem cost-efficient to hire less qualified professionals at first glance. However, over the medium term, it would likely become significantly more expensive as:

- Incorrect advice and improperly prepared tax returns could result in overpayment of taxes or a reduced tax refund.
- Increased audits by tax authorities would mean additional costs for handling tax audits.
- Inaccurate financial statements and tax returns could result in interest on tax back payments, adding financial strain on companies.
- There is a risk of facing charges for tax evasion due to errors which could lead to additional costs for fines or legal defence fees.

¹ Judgement *X-Steuerberatungsgesellschaft* C-342/14, EU:C:2015:827, paragraph 44 and 45 concerning the access to the profession; see also *Brouillard* C-298/14, EU:C:2015:652, paragraph 49.

C. Single Market for services: Differentiation is key

The key actors in the Single Market, the companies and especially the SMEs, still face high administrative burdens when going cross-border. However, in the tax-related areas, it must be noted that these burdens are due to 27 diverging corporate tax systems in the EU – the differences in the professional requirements being a result of this situation.

Tax law is still regulated in 27 different legal systems in the EU Member States, as the tax competency remains fully in the hands of the Member States. As long as this situation persists, taxpayers – particularly SMEs – need the support of a professional expert with expertise in the tax law of the Member State in which they pay their taxes.

Therefore, in the case of tax professionals, the most important question is not about the access to or the exercise of a tax profession in another Member State, but about the indispensable expertise in the tax law of the other Member State in order to be able to give qualified tax advice to the client.

ETAF reminds that the real value of good tax advice for a company going cross-border lies in quality, trust, independence, consumer protection and a personal, tailor-made provision of the service. This is an important economic interest which deserves consideration.

The situation demonstrates that not all professions and services are the same. Without considering the framework and the responsibilities of the specific profession, reforms will not achieve their objectives and result in a significant decline in the quality of the services. Different services must be treated differently. A differentiated approach is therefore essential.

Moreover, we believe that high-quality general economic interest services that also represent an added value for the economy and the society must not be treated in the same way as conventional services. The characteristics "high quality" and "trustworthy" mentioned in the Letta report should be adopted by the EU legislator as a new recognised category of services.

D. Specificities of cross-border tax advice

In the call for evidence, the European Commission suggests that it intends to facilitate the process of formal recognition of qualifications.

However, when it comes to temporary and occasional provision of services in another Member State (articles 5, 6 and 7 of the professional qualifications Directive) it is important to note that this procedure is only a declaration procedure without any formal recognition (see article 7 of the Directive). It is merely the declaration which entitles the individual to provide temporary and occasional provision of services in the other Member State.

On the other hand, a formal recognition of the professional qualifications is required for a partial access to the profession (article 4f of the professional qualifications Directive) and for the admission to the equivalence exam which can grant full access to the profession. When it comes to taxation, this formal recognition can under no circumstances be waived because the

relevant individuals will be entitled to provide tax advice in the highly complex field of tax law with all the consequences for companies and tax administrations.

The experiences in the ETAF Member States have shown that the cross-border activities of tax professionals remain low – even in the context of temporary and occasional services, where the least administrative burden for professionals from other Member States is required.

As a consequence, this will be even more true for partial access to the profession or permanent establishment. Therefore, easing requirements or waiving formal recognition procedures would not unlock potential in this area.

E. More cooperation instead of notification

In her [mission letter](#), Ursula von der Leyen tasked Executive Vice-President and Internal Market Commissioner Stéphane Séjourné with considering, as part of the horizontal Single Market strategy, a legislative act to prevent barriers within the Single Market (so-called Single Market Barriers Prevention Act). Additional statements suggested that the existing notification system may be strengthened, or that the services Directive could be revised in order to reform the current, ineffective notification procedure under article 15 (7) of the directive.

This initiative echoes the 2015 Single Market strategy and the 2016/2017 Services Package which included proposals for a notification Directive and an Electronic Services Card, both of which finally failed.

ETAF recommends not to repeat these approaches in 2025. Under the previous proposals, the Commission would have been entitled to prohibit a Member State from adopting a proposed regulation, depriving the national legislators of their competence for professional regulatory measures. Ultimately, the Commission would have replaced the national legislator in matters of professional regulation. Unsurprisingly, this proposal failed at the time due to resistance from Member States.

Instead, a cooperative approach appears more promising. Such an approach should involve engaging with the Member States, respecting their national legislative competences and valuing their input when it comes to evaluate questionable regulations. Recognising the national sovereignty of the Member States and working together with them in this framework can foster greater willingness and collaboration and lead to more balanced and effective solutions for addressing barriers within the Single Market.

F. Coherence with tax policy objectives

Finally, ETAF would like to highlight that – especially concerning tax professionals – in the recent years, the political objectives of the European Commission between the Internal Market approach on the one hand and the tax policy objectives on the other hand were not always coherent.

In the context of combating aggressive tax planning and tax avoidance, improving tax compliance and enhancing tax transparency, the EU institutions have repeatedly raised political demands and explored ways to hold the tax advisory profession more accountable.

On the other hand, however, it is striking that the Commission's Internal Market initiatives often target professional regulations which are specifically designed to ensure quality, independence and reliability of the profession. This creates a potential conflict, as elements of the Single Market strategy could undermine the Commission's parallel objective of increasing the responsibility of tax advisers by raising professional and ethical standards.

In Member States with strong professional regulatory frameworks, tax professionals are legally required to perform their duties diligently, carefully and in full compliance with all applicable laws. In this context, the Court of Justice of the European Union has consistently recognised that preventing tax evasion and ensuring consumer protection are overriding reasons in the public interest and that these interests can justify restrictions on the free movement of services².

² Judgement X-Steuerberatungsgesellschaft C-342/14, EU:C:2015:827

Conclusion

ETAF fully supports the strengthening of the Single Market, at a time where the EU competitiveness is challenged. We believe that any reform of the Internal Market must respect the subsidiarity principle and the country of destination principle, while focusing on SMEs, unlocking the full potential of digitalization and simplifying the EU tax system.

For the tax advisory profession, a careful balance must be struck to ensure that measures to strengthen the Internal Market do not compromise the essential regulatory standards which are the fundament for the profession's independence, quality and integrity.

Professional regulation should not be seen as an unjustified barrier to the Single Market but rather as a vital safeguard. Professional regulation ensures that tax advisers are well-qualified and trained to deliver accurate advice, benefiting both taxpayers and tax authorities. Just as the EU upholds high safety and quality standards for goods, it should also value high standards in services provision within the Single Market.

The Commission should ensure that its initiatives respect and complement the high ethical and professional standards in place, particularly in Member States with well-established regulatory frameworks.

ETAF stands ready to work together with the European Commission in addressing these challenges and to offer further insights into the functioning of professional regulation within its member organizations.

Notes

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About ETAF

The European Tax Adviser Federation (ETAF) is a European umbrella organisation for tax professionals whose activities are regulated by law. It is set as an international not-for-profit organisation (AISBL) governed by Belgian law, based in Brussels and was launched on 15th December 2015. It represents more than 220 000 tax professionals from France, Germany, Belgium, Romania, Hungary, Austria and Croatia. ETAF is a registered organisation in the EU Transparency Register, with the register identification number 760084520382-92.