

RESOLUTION OF THE UEF CONGRESS “RESOLUTION ON FAIR TAXATION AND OWN RESOURCES”

Adopted by the UEF XXVI European Congress of 23-25 November 2018 in Vienna

Following the publication of the Monti report on EU own resources in January 2017 and the Commission’s proposals on the same topic, UEF considers that restoring the EU’s true own resources is a priority. New challenges on our external borders (external security, migrations, fundamentalism) and globally have pushed new priorities forward (climate change, external action and defence, innovation and research, digital skills) and made EU investment through fair taxation an urgent matter to support sound public finances and the need for growth and jobs.

Taxation remains an exclusive competence of the Member States, meaning any reform of the system of own resources at present depends on the unanimous agreement of all member states and ratification by national parliaments, thereby depriving the European Parliament of its legislative prerogatives as the representative of all EU citizens.

Large companies must pay their fair contribution for the functioning of the European Single market as they enjoy considerable advantages by operating within it. This might allow financing urgently needed tasks or the new priorities presented by President Juncker in his 2017 State of the Union speech and in the Commission proposals of 2 May 2018 for a Multiannual Financial Framework 2021-2027. This reform would allow the EU to be financed by ‘rational taxes’ linked to its activities, rather than by contributions from Member States, as in the original design of the Customs Union. This would end all debates on the so-called “juste retour” and prevent the yearly arm twisting and 7-yearly blackmail by Member States when defining EU budgets.

UEF urges the Council and the Member States to:

- Support the proposal discussed in the European Council in Tallin of taxing the profits of tech and web companies as a function of their “virtual permanent establishment”, whereby digital firms should pay taxes in countries where they have a “significant digital presence”, within the framework of the Common Consolidated Corporate Tax Base (CCCTB);
- Support, as an interim measure and subject to phase-out once CCCTB is fully established, the Commission proposal of 21.03.2018 for a tax on the sales of digital services using information provided by EU-based agents;
- Propose that, as a first step, all large corporations, that is companies and consolidated groups whose earnings worldwide exceed 750 million euro, be subject to the CCCTB. The second phase (5-7 years after entry into force of CCCTB) should lower the threshold to 40 million euro, as provided for in the Accounting Directive (Directive 2013/34/EU). In the last phase (7-10 years after entry into force of CCCTB), the threshold should be lowered to zero, so as to include all companies operating in the Single Market in the scope of a single EU-wide corporate tax base;
- Based on the CCCTB, set a minimum rate for corporate profits’ taxation at no lower than 10% in the EU;
- In any case assign 3-5% of profit taxes levied on the CCTB directly to the EU’s budget as an own resource deducted from member states’ GNI contributions. This would be a much simpler system, both for the taxing authorities and for companies, and in addition, would help counter euroscepticism by committing to fair taxation;

- Quickly to take up the legislative proposals on the CCTB as a crucial tool to fight against tax evasion, counterbalance the erosion of national tax revenues and to establish minimum standards for fair taxation at EU level;
- To include the banking and financial sector within the scope of the CCCTB and within the scope of a reformed VAT base;
- Use this momentum to push for a harmonised corporate tax base to be adopted in multilateral coordination with the OECD;
- Support the necessary Treaty changes so as to endow the Union with the power to levy taxes directly in areas of policy where it has exclusive or shared competences;
- Support the necessary Treaty changes so that decisions relating to the EU's fiscal competence to be taken through the ordinary legislative procedure.