



UFE – Union of Finance Personnel in Europe
CESI – European Confederation of Independent Trade Unions

***Joint UFE – CESI statement
on the European Commission’s Action Plan to strengthen the fight
against tax fraud and tax evasion***

On 26 February 2013, a joint meeting of representatives of the UFE and of CESI took place in Brussels with the aim of establishing a joint statement concerning the Action Plan in the Communication of the Commission to the European Parliament and the Council (COM(2012) 722 final). After having discussed the main points of the said document, the representatives highlighted the following:

The objective of administrative simplification should be the improvement of the public service provided and not the reduction of staff in tax administrations

Simplification of tax legislation and administrative procedures [Introduction]

The delegates from both trade union organisations have their doubts concerning the expressed wish to “*reduce [the] costs and complexity of tax systems for both the taxpayers and the tax administrations*”. They agree to technical simplification measures on a national level as long as these measures are not used to reduce staff in tax administrations, but to improve the service provided to users and to ensure better tax collection. In addition, tax fairness amongst taxpayers must be guaranteed, namely by means of a certain balance of the tax burden on companies and physical persons. The Action Plan does not mention human resources, which is why the trade union representatives wish to highlight the fact that the fight against tax fraud can only be ensured by sufficient, well-trained and well-paid personnel, as well as by traditional tax inspections on the field that are sufficient in number.

Absolute priority to the fight against VAT fraud

Fight against VAT fraud [4, 5 and 26]

Here, the delegates are surprised that the problems which have existed for years already – possibly even decades (e.g. “carousel” fraud) – have not yet been solved adequately or definitely. This is also the case for the “reverse charge” mechanism, which is proposed as an option in a footnote in the Action Plan. Thus, the delegates demand that the Commission give absolute priority to the fight against VAT fraud, a fundamental indirect tax to balance national budgets. Furthermore, the Eurofisc instrument should be applied to all tax categories.



For a more ambitious position of the European Union than those of the G20 or the OECD

Harmful business taxation [10]

Here, the delegates are disappointed about the flexibility – the expressed weakness of the Commission, even – on practices that aim to considerably reduce the tax burden of businesses. Why only act if the Code of Conduct is not respected? The G20 and even the OECD demand more concrete and more determined measures, namely in terms of the erosion of the tax base of businesses and rulings. Is it necessary to point out that tax engineering practices applied by businesses lead to a serious distortion of competition amongst EU countries? The UFE and CESI delegates therefore clearly express their support of the respect of the fundamental principles of the European Union and their position against businesses' aggressive tax planning. Moreover, they believe that double non-taxation has no place in an economic and fiscal Europe.

Why a European Tax Identification Number?

The European "Tax Identification Number" (TIN) [11 and 22]

Although the usefulness of a European tax identification number is obvious in terms of exchange of information in the field of direct taxes, this is not new for VAT: businesses that perform cross-border tasks already have European VAT numbers. After having discussed this matter, the delegates agree that further clarification must be demanded about the specific objectives of this measure. Is the introduction of an additional tax number really necessary? Will the new TIN be an additional number or will it replace the current one? Will the new TIN become a unique identification number for all direct taxes, indirect taxes and customs duties? What is the precise objective of the introduction of the TIN? The delegates highlight the fact that a European tax identification number should aim to improve the efficiency of administrative tasks and should not represent an added administrative complication. To obtain a response to these questions, the UFE and CESI delegates request a meeting with those in charge of this issue at the European Commission and/or at the European Parliament.

Improved risk management will never be able to replace tax inspections performed by tax agents

EU VAT Forum, Platform for Tax Good Governance and a European Taxpayers' Code

[6, 9, 17 and 25]

The delegates of the UFE and CESI welcome the creation of a dialogue platform for business representatives and tax authorities. However, they are of the opinion that the trade union representatives of the European tax administrations should be able to join the platform and participate in the debates. The same applies to the Platform for Tax Good Governance, where trade union representatives are able to *provide assistance for the establishment of reports* e.g. on aggressive tax planning.

Finally, despite the fact that the delegates see the usefulness of a Taxpayers' Code



containing good tax administration practices as a communication tool between taxpayers and their administrations, they question the purpose and true value of such an instrument in daily administrative practice. They believe that improved risk management will never be able to replace tax inspections performed by tax agents.

Conclusion

The UFE and CESI delegates conclude that the European Commission wishes to make some efforts to fight against tax fraud and evasion. However, the contents of the Action Plan are weak and hesitant – practically insufficient. Due to budget deficits and debt levels in the European member states, as well taking into consideration tax equity and the tax equality of citizens, immediate, energetic and concrete measures must be applied.

The trade union delegates of the UFE and of CESI, who represent personnel working in tax administrations in Europe, are available to share their practices and experience with the decision-makers in charge of this dossier at the European institutions, with the aim of a constant strengthening of the fight against tax fraud and the improvement of services provided to the citizens, as well as that of the personnel's working conditions.