

*The European Confederation of Independent Trade Unions (CESI) is a confederation of more than 40 national and European trade union organisations from over 20 European countries, with a total of more than 5 million individual members. Most of CESI's affiliates are employed in the different fields of the European, national, regional and local public services. As such, CESI also unites tax administration unions from across Europe. CESI has been a member of the European Commission's advisory Platform for Tax Good Governance since 2014.*

CESI broadly supports the rationale and the objectives which the European Commission lays out in its roadmap of March 2021 on a future Communication on business taxation for the 21<sup>st</sup> century.<sup>1</sup>

CESI stresses that inadequate or ineffective taxation levels for firms and companies are a problem for the sustainability of public finances and prevent appropriate financing in essential public services and performing administrations for citizens. This hurts especially the most vulnerable members of the societies that cannot buy in substitutive private services, thus leading to further increasing socio-economic inequalities. The Covid-19 crisis will likely accelerate already existent socio-economic polarisations and fragmentations in European societies, -still scarred by the financial and public debt crisis of a decade ago- leading to further inequalities and disparities, social exclusion and poverty. Additional public and social investments will be necessary and require substantial fiscal space. Against this background, CESI agrees with the European Commission's roadmap's stance that an effective fair taxation of business is acutely needed.

This acuteness is further increased as demographic change, and the green and digital transitions will require even more public investments than in the past if Europe's social living standards, its infrastructures and its economic competitiveness are to be maintained and enhanced.

CESI agrees with the view of the European Commission, as laid out in its roadmap, that the current corporate tax frameworks in Europe need swift, comprehensive and ambitious reforms to meet the realities of a post-Covid green, digitalised, competitive and social market economy.

<sup>1</sup> <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12930-Business-taxation-for-the-21st-century>

CESI emphasises that, as workers pay their share of taxes and are hardly affected by tax avoidance or tax evasion, tax systems need to ensure a fair burden-sharing and make sure that firms and companies contribute their fair share too.

To this end, CESI:

- calls for a **holistic and ambitious EU business taxation environment where adequate taxes are paid effectively and where companies are taxed where they operate and make profits**. This environment must be based on a level-playing field with common rules that prevent a race to the bottom in corporate taxation rates and close loopholes that allow for aggressive tax planning, tax avoidance and tax evasion. Central tools for this include the establishment of a common consolidated corporate tax base (CCCTB), measures to bring down base erosion and profit shifting (BEPS), and the introduction of a substantial and ambitious digital GAFA tax for companies with mobile business income.
- reiterates the importance of **investments in the (digital) equipment and resources and as well as in the training, employment and working conditions of staff of national tax administrations and tax inspectorates**. Tax rules and systems on paper are always only as strong as tax administrations are effectively able to collect due taxes. Through tools such as the European Semester, the European Commission should encourage Member States to address understaffed and under-resourced tax administrations, based on the very plausible assumption that the work of tax staff against tax evasion and tax avoidance can generate high revenues to public finances and pay off multiple times, if the framework conditions are right. The European Commission should complement this by ensuring that there is sufficient flexibility in the EU's economic governance framework (Stability and Growth Pact) to allow Member States to engage in the necessary investments in tax administrations.

CESI notes that the Communication on business taxation for the 21<sup>st</sup> century should emphasise the central importance of **a meaningful inclusion of the personnel, its representatives, and the social partners in the design of reforms of taxation and tax administrations**. Often, they know best how their own performance and those of their administration could be improved.