SIMPLIFICATION OF EU TAX ARCHITECTURE AND LEGISLATION

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WHAT SHOULD SIMPLIFICATION LOOK LIKE?

- ✓ Clarification of existing measures
- ✓ Harmonisation
- ✓ More coordination among national tax authorities

ENRICO LETTA'S REPORT:

"***Tax fragmentation*** is another major barrier faced by EU businesses and SMEs in particular….Achieving better alignment through ***a harmonised EU tax framework*** is key to facilitating the free movement of workers, goods and services and in supporting growth and private investment."

NOTE OF CAUTION

1. Need of economic study with costs and benefits
2. For some measures, assessment could be premature (ATAD)
3. There could be different solutions among taxpayer groups (SMEs and big multinationals)
4. Difference in scope of the measures (e.g. DAC and Pillar 2)

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WHAT SHOULD SIMPLIFICATION NOT LOOK LIKE?

- ✖ Deregulation
- ✖ Weakening tax avoidance measures
- ✖ No lower tax rates

THE BIG PICTURE

- Need of revenues for investments
- Inequality and need for more progressive taxation

IMF (2015):

"If the income share of the top 20 percent (the rich) increases, then GDP growth actually declines over the medium term, suggesting that the benefits do not trickle down."

WHAT COULD SIMPLIFICATION MEAN IN PRACTICE?

- BEFIT
- DAC: transparency on the use of data and supported centralised access to data
- DAC 6: better definition of aggressive tax planning
- Transfer pricing system → formulary apportionment
- Tax incentives
- CBCR: full transparency and alignment with GRI standards

THANK YOU!

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