

ROADMAP

TITLE OF THE INITIATIVE	More efficient law-making in the field of taxation: identification of areas for a move to qualified majority voting
LEAD DG – RESPONSIBLE UNIT	TAXUD – Units C3 and D3
LIKELY TYPE OF INITIATIVE	Non-legislative (Communication from the Commission to the European Council, the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions)
INDICATIVE PLANNING	Q1 2019
ADDITIONAL INFORMATION	http://ec.europa.eu/taxation/

This Roadmap is provided for information purposes only. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described by the Roadmap, including its timing, are subject to change.

A. Context, problem definition and subsidiarity check

Context [max 10 lines]

- In its [letter of intent to the European Parliament and the Council](#) of September 2018, the Commission announced an initiative on more efficient law-making in taxation policy, by identifying areas in which qualified majority voting could be used. The [2019 Commission Work Programme](#) includes a non-legislative initiative in this area.
- This new initiative is a contribution to President Juncker's [Agenda for Jobs, Growth, Fairness and Democratic Change](#) and should help advance the work for fairer and more effective taxation in the EU.
- This is part of the Commission's initiatives to give perspective for the future of the Union until 2025. It is a contribution to the Summit in Sibiu on 9 May 2019 where EU Leaders will provide their perspective for the future of the EU. The Commission has announced an analogous initiative in the field of social policy which has strong links with the initiative on taxation. The Commission has already presented [a Communication on more efficient decision-making in common foreign and security policy](#).

Problem the initiative aims to tackle [max 25 lines]

- Since the treaty of Rome (1958), decisions on taxation in the European Union have been taken by unanimity. Taxation is the last policy domain where unanimity is the sole rule.
- Taxation is also an area subject to a special legislative procedure i.e. unanimity in Council after consultation of the European Parliament. This is in contrast to most other policy areas, where the ordinary legislative procedure has increasingly been used.
- The historical justification for this exception has been that unanimity (with special legislative procedure) is the only way to guarantee national sovereignty over tax matters. Reality, however, turned out to be more complex. Subsequent case law (CJEU) has shown that the Treaty freedoms and principle of non-discrimination create limits on national sovereignty in taxation. With today's degree of economic and financial integration, national tax policies can have important effects on other Member States and Union policies. As a result, Member States are increasingly constrained in their capacity to raise revenues to finance expenditures programmes in line with their national preferences.
- Unanimity in taxation is an obstacle to efficient decision-making and as a result that there is no effective Single Market in taxation.
- There have been some achievements, such as common VAT base rules, minimum rates on excise products or rules to alleviate double taxation of companies in the Single Market. However, these rules were generally agreed at a time when there were fewer Member States and so unanimity was easier to achieve.
- Other recent achievements, such as tax transparency measures and anti-abuse rules, were largely fuelled by the public and political reaction to high-profile tax scandals, rather than by a common vision on how EU tax policy should advance.
- Overall, progress in EU tax policy is severely hampered by the unanimity requirement and important projects

for the Single Market, EU growth and competitiveness as well as fiscal fairness have been blocked as a result.

- To keep pace with rapid economic, societal and technological developments, the European Union needs to be equipped with efficient decision-making tools that enable to act in a timely and effective manner.
- This is why, already in his State of the Union Speeches of 2017 and 2018, President Juncker suggested using the options in the Treaty to decide on certain tax matters by qualified majority voting.
- Article 48 (7) TEU allows the European Council to change decision making from unanimity to qualified majority for all or part of taxation or even for specific proposals. It also allows changing the role of the European Parliament in this decision making by moving from the special to the ordinary legislative procedure.
- The Communication will explore the possibility offered by the Treaty for more efficient law-making in the field of taxation.

Basis for EU intervention (legal basis and subsidiarity check) [max 10 lines]

The Treaty on the Functioning of the European Union empowers the Union to act in the area of taxation policy (Articles 113, 115). Article 48 (7) TEU provides the possibility to move to qualified majority voting in taxation, under specific circumstances. Any concrete legislative proposal ensuing from the decision to move to qualified majority voting will have to respect the limits of the legal basis used.

B. What does the initiative aim to achieve and how [max 25 lines]

The main objective of this Communication is to explore possibilities to make EU law-making in taxation policy more efficient by using qualified majority voting. This would enable the EU to keep pace with the rapid economic, social and competitive changes which taxation policy needs to respond to. The Communication aims to trigger a debate within the European Council and European Parliament and with interested stakeholders on how to make law-making in taxation policy more efficient within the opportunities available in the current Treaties.

More efficient law-making in the field of taxation policy would respond to the expectations of Union citizens, who have cited fair taxation as one of the priority areas for EU action¹.

C. Better regulation

Consultation of citizens and stakeholders [max 10 lines]

The Communication is about the law-making process in taxation policy. It is meant as a contribution to the process leading up to and beyond the Sibiu Summit in 9 May 2019, with a 2025 perspective in the horizon.

Its purpose is to trigger a debate and explore possibilities for moving to qualified majority voting in taxation. The general public will be able to share their views on this Roadmap. No other public consultation is planned.

Evidence base and data collection [max 10 lines]

This initiative focuses on the law-making process in taxation policy. As such, it would not have significant effects that would require an impact assessment. Any concrete legislative proposal ensuing from the decision to move to qualified majority voting in this field will be prepared in line with the better regulation guidelines.

¹ In a 2016 Eurobarometer survey, ¾ of respondents saw the fight against tax fraud as one of the top areas for EU action.