

Editorial

Tax Priorities of the Spanish Presidency

Carlos Ocaña Pérez de Tudela, Spanish State Secretary for Finance and Budget

On 1 January 2010, Spain assumed the Presidency of the European Union (EU) for the fourth time. On this occasion, we have to face a period of big challenges. First, the institutional structure of the EU has just changed. Second, we are undergoing a deep economic crisis.

In this situation, fiscal policy is going to play an important role. The priorities of the EU in this area deal with tax fraud, fair fiscal competition among Member States, and voluntary compliance.

The economic crisis has reinforced political impulse to fight tax fraud and to increase transparency and information exchange among tax administrations. To improve transparency, efforts will be made both in the fields of direct and indirect taxations. As regards to direct taxation, the priority is to advance three Directive proposals. First, the Savings Tax Directive will be amended to broaden its objective and subjective scope.

Second, the Directive on Administrative Cooperation will require all Member States to adopt the Organization for Economic Cooperation and Development (OECD) standards on information exchange. It will also imply the end of bank secrecy in the EU. A new general framework will be established on information exchange in tax matters. This will enable Member States to have automatic information exchange, facilitating the fight against fraud in a more modern and effective manner.

The third Directive deals with Mutual Assistance for Tax Recovery. Its amendment improves the tools for recovering debts that require the assistance of other Member States, if either the debtors or their assets are within these states. An 'overall orientation' agreement on this Directive was reached at January's ECOFIN meeting, and its official amendment was approved at March's ECOFIN meeting.

In the field of indirect taxation, our main objective is the establishment of the EUROFISC network, a decentralized system that enables the exchange of information on VAT among Member States. EUROFISC is based on an early warning mechanism and a multi-lateral risk analysis platform.

The Spanish Presidency will also strengthen administrative cooperation in Excises by launching the Excise Movement Control System (EMCS). This new computerized system interconnects Member State's customs and operators. It enables, thus, the electronic control of products subject to excises.

Another priority is reinforcing fair competition among Member States. In particular, work to develop the Code of Conduct for Business Taxation will continue. This Code seeks to the suppression of tax measures that have or may have a significant harmful influence on competition within the Union. A report on follow-up work on the implementation of the Code during the Spanish Presidency will be presented to the Council.

Encouraging and facilitating voluntary compliance of taxes is as important as fighting against tax fraud. A way of achieving this objective is to reduce and simplify administrative and formal burdens imposed on tax payers. A general approach on a draft directive aimed at simplifying VAT invoicing requirements was approved at March's ECOFIN meeting. The Directive will be adopted by the Council once the Parliament has given its opinion.

Lastly, work on energy products taxation will also continue during the Spanish Presidency. Better tax structures are needed to attain energy sufficiency, to cut green house gas emissions, and to fight climate change. This issue must be discussed at a European level due to its broad economic implications and its effects on environmental sustainability and competitiveness.

The Spanish Presidency is also working on other features concerning VAT. Particularly on the taxation of insurance and finance services, the particular tax arrangements of travel agencies, and the guidelines for interpreting the new rules on VAT location.

We are undergoing a serious crisis. It is a hard time, but it is also a time for opportunities. Thus, it is essential to take a proactive approach to analyse problems and search for solutions. We must undertake changes to improve our tax systems and to implement the structural reforms needed for economic recovery.