

Statement by the Committee on Taxation

2018/19:SkU24

Examination of Communication on changes to decision-making in EU tax policy

Summary

The Committee has examined the Commission's Communication Towards a more efficient and democratic decision-making in EU tax policy and proposes that the Riksdag file the Committee's Statement. In the Communication, the Commission proposes a roadmap for a gradual shift from unanimous decision-making according to the special legislative procedure to qualified majority decision-making under the ordinary legislative procedure.

The Committee is very critical of, and does not support, the Commission's proposal on a shift from unanimous decision-making to qualified majority voting in tax matters. In the opinion of the Committee, the changes would mean a transfer of power in a key area for all the member states from the national to the EU level.

In the statement, the Committee stresses that ensuring social welfare and competitiveness by taking decisions about levying and using tax revenues in an appropriate way should continue to fall within the national competence of each member state. The Committee underlines that that national sovereignty in tax matters is crucial for Sweden's competitiveness and for the funding of welfare. The Statement contains one explanatory reservation from the Liberal Party.

The examined document

Communication from the Commission Towards a more efficient and democratic decision-making in EU tax policy (COM (2019) 8).

The position of the Committee

In the Communication from the Commission on changes to decision-making in EU tax policy, the Commission presents a gradual shift from unanimous decision-making according to the special legislative procedure to qualified majority decisions under the ordinary legislative procedure. First of all, the Committee would like to stress that it is very critical of the Commission's proposal. It is the firm opinion of the Committee that the proposal on changes to decision-making in EU tax policy will lead to an erosion of Sweden's tax sovereignty.

In the opinion of the Committee, the possibility for member states to introduce and maintain national tax regulations is a highly important principle that must be safeguarded. As previously pointed out by the Committee in connection with the subject of the increased application of qualified majority voting in tax policy decisions, ensuring welfare and competitiveness by taking decisions about levying and using tax revenues in an appropriate way should continue to fall within the national competence of each member state. The Committee underlines that that national sovereignty in tax matters is of utmost importance for Sweden's competitiveness and to secure financing of welfare.

The Commission asserts, among other things, that the unanimity rule and the possibility for member states to veto decisions is misused by member states to protect national interests. The Commission therefore questions the fact that a single member state can obstruct a tax proposal that has been deemed desirable by other member states.

In this context, the Committee would like to underline the importance of the unanimity rule as well as the value of protecting the member states' national sovereignty and self-determination. Unanimity as a decision-making procedure means a sovereign right for each member state to determine the matters that call for their right of veto. In the opinion of the Committee, this serves as a fundamental protection for ensuring that an individual state can, in a democratic manner, exercise its powers and look after its interests. The Committee would also like to stress that the unanimity rule ensures both the Government's and Parliament's influence on tax policy.

The Commission further asserts that quality majority voting would help to mitigate the cross-border effects of tax competition. However, the Committee would like to emphasize that healthy and transparent tax competition is an important component in attracting investments for small, open market economies such as Sweden.

The Commission considers that the unanimity rule in taxation matters is ineffective and has obstructed several tax proposals that are necessary in order to complete the single market and strengthen the EU's competitiveness. The Committee considers that developments in recent years in the field of taxation show that the member states can in fact agree perfectly well on taxation matters.

The Commission further states that due to the unanimity rule, several important tax proposals have not been adopted resulting in a loss in tax revenues for member states. The Committee notes that the Commission has not provided an impact assessment for this information.

As regards the possibility of deciding on procedural changes through the mechanisms for simplified decision making and the 'passerelle clause' in Article 48.7 of the Treaty on European Union, the Committee would, in line with the Committee on the Constitution, like to stress that the national parliaments have an important role to play. Each initiative from the European Council regarding such changes in decision-making procedures is to be sent to the national parliaments. If no objections have been presented from a national parliament within six months of the document being forwarded by the European Council, the Council can adopt the decision.

Finally, the Committee would like to highlight the fact that the UK's possible withdrawal from the EU (Brexit) may have consequences for the distribution of power and the dynamics of the European Council in qualified majority votes. The Committee therefore notes that a detailed analysis of these consequences may be called for.

In summary, the Committee is very critical of, and does not support, the Commission's proposal on a shift from unanimous decision-making to qualified majority voting in tax matters. In the opinion of the Committee, the changes would mean a transfer of power in a key area for all member states from national to EU level.

With regard to what has been stated above, the Committee proposes that the Riksdag file the Statement.