



**Address of the President of CFE Tax Advisers Europe to the Council of the European Union**

**Informal Meeting of the ECOFIN Council in Prague, 10 September 2022**

*Honourable Ministers, Members of the Council of the European Union,*

*Your Excellencies,*

*Ladies and Gentlemen,*

Allow me first to thank the Czech Presidency of the European Union and in particular Mr Stanjura, Minister of Finance of the Czech Republic and President of the Council, for his kind invitation to address this distinguished forum.

CFE Tax Advisers Europe, formally *Confédération Fiscale Européenne*, is the preeminent body uniting the European tax institutes and associations of tax advisers from the European continent, associated with more than 800,000 tax advisers in Africa, Australia and Asia-Oceania via the Global Tax Advisers Platform (GTAP).

*(General remarks)*

At the outset, I would like to highlight that CFE Members strongly believe, a point on which we all agree I think, is that the prevailing geopolitical situation merits use of all relevant policy instruments:

- a. to defend the European Union,
- b. to protect European citizens from the adverse effects of the war,  
and in particular,
- c. to preserve the social contract by mitigating the effects of the cost of living and energy crisis.

To that end, we stand ready to help in any way that we can.

At the same time, we have witnessed immense changes in the international tax framework, where tax policy tools and instruments are rightfully used to promote a fairer and more balanced tax systems that seek to redress the balance between more developed and developing countries, and to help generate economic growth and prosperity for society as a whole.

We accept, however, that in an international context this is difficult to achieve. Fiscal policies - to a large extent - remain the prerogative of each country, involving difficult policy choices which allow jurisdictions to exercise their tax sovereignty in a way that produces the best outcomes for their societies.

That said, the EU must balance its monetary policy sovereignty with the fiscal policy choices of Member States in order to achieve the balance we all seek.

Let me highlight some key concepts which merit attention of the European Union:

- a. Technological and IT investment into tax administrations;
- b. Green investment and pro-growth policy instruments to address the energy and cost-of-living crisis;
- c. Cooperative compliance and building relationships of trust between tax administrations and tax professionals.

Please, let me elaborate on some of these notions.

*(On the use of technology)*

1. Today's topic examining potential ways to streamline EU direct tax law by way of reliance on soft law, vis-à-vis traditional harmonisation via directives, is timely given the increasing complexity of legislation.

Set against a background of a challenging geopolitical climate and worrying economic risks, known initiatives which rely on cooperation and agreements between Member States, facilitated by the EU and enthusiastically applied by all Member states, could significantly streamline the operation of the European tax systems and improve the competitiveness of the Single Market.

At the same time, technology is our ally. The EU must embrace the power of technology to facilitate change, such as:

- Artificial intelligence;
- Blockchain;
- Fintech;
- Cloud computing; and,
- Robotics.

Businesses and tax authorities must keep investing in the latest IT solutions to improve the quality of data, communication, and remote access to services. We look forward to the European Commission's initiatives aiming to promote IT solutions in tax administration, compliance and simplification. We in CFE stand ready to work with you in this.

*(On simplifying and streamlining the tax system)*

In this day and age, CFE believes that good tax policy and administration directly affect the pillars that define a robust tax system fit for purpose. They are essential. The factors that play a significant role in this framework include tax rates, the availability of double taxation relief

in practice and the taxable base, all of which have had significant impact on cross-border trade and investment decisions

Similarly, simpler, more coherent and consistent tax rules throughout the EU will

- a. contribute to a more competitive tax system,
- b. making the EU Single Market a more dynamic and business-friendly environment.

As such, coordinated measures among EU Member States' rules would prevent mismatches among national legislations, taking the interest of the Single Market as whole.

Equally, the results of the work of the Code of Conduct group are significant, helping not only to improve competitiveness in the EU Single Market, but also in ensuring that national tax systems remain competitive on fair terms. The role played by the Code of Conduct process in establishing fair tax competition involving third countries is significant too.

Efficient tax systems demand a delicate balance between ensuring certainty of the laws and their application, but also in promoting tax policies that are fit for purpose in a particular context. However, if that balance is not reached, it will lead to tax uncertainty and undermine the tax system as a whole.

*(Redressing the balance between tax administrations and taxpayers)*

Increasingly, taxpayers in different EU Member States are facing equal tax obligations but are not treated equally by tax administrations in terms of their rights in different Member States. CFE supports reducing the compliance burden and costs for taxpayers. Tax systems are intrinsically complex and tax advisers make complex tax systems work. We believe that tax administrations of tomorrow should be efficient, accessible, and transparent.

Efficient tax administration is an important pillar of the competitiveness index but it is becoming more challenging for taxpayers and tax administrations alike. This is particularly the case when considering the increased compliance required by anti-avoidance initiatives.

Given the importance of stability and predictability, CFE has long advocated the establishment of binding instruments that set out clear and equally applicable rights and obligations for taxpayers vis-a-vis tax administrations, operational throughout the EU. To that end, together with our partners from Africa, Asia-Oceania and Australia we have promulgated the adoption of the [Model Taxpayer Charter](#), an initiative of the Global Tax Advisers Platform (GTAP).

CFE has fully endorsed the EU's approach and views expressed by the European Commission that a Code or Charter on Taxpayers' Rights can enhance the efficiency and effectiveness of tax systems and can also increase the tax morale of European citizens.

CFE has also taken proactive initiatives, founded on its commitment to high professional standards in tax advice, in seeking to promote ethical professional judgment across all tax advisers in Europe.

To this end CFE has issued a statement entitled '[Professional Judgment in Tax Planning](#)', which aims to stimulate discussion on how to improve the tax systems in Europe. The principal objective of the paper is to seek feedback on a proposed "ethics quality bar" based on five questions that all tax advisers should reflect on when undertaking their advisory role in the overall tax system

We are actively seeking stakeholder feedback, following our strong cooperation on the matter with the European Commission, the European Parliament, OECD and other stakeholders.

*(Cooperative compliance and building relationships of trust between tax administrations and tax professionals)*

CFE encourages the EU to focus on the value and the promotion of cooperative compliance programmes, suitable for all sizes and types of businesses and that facilitate cross-border trade and reduce the possibilities for double taxation.

Sitting together, and working together, tax administrations and businesses can achieve a lot, and prevent any future disputes. There are excellent examples of cross-border cooperation between a taxpayer and multiple tax administrations, such as multilateral advance-pricing agreements. As acknowledged by the IMF and the OECD, “cooperative compliance programs could reduce uncertainty for low-risk companies, assist tax administrations to better focus their resources and promote a culture of greater trust.”

We couldn't agree more.

We call on the EU to encourage and enable exchanging best practices on co-operative compliance in Europe, and to issue both guidelines and recommendations for co-operative compliance fit for SMEs. All Member States should consider establishing simple and effective procedures for the conclusion of bilateral and multilateral APAs.

*(Conclusion)*

You kindly asked for the views of the tax professional community on how soft law could assist the EU and its Member States move to a greater degree of harmonisation of Direct Taxes.

From what has been said already it is clear we believe that tax systems will play a key role in repairing the strained public finance conditions after:

- the COVID-19 pandemic,
- the cost-of-living and energy crisis,

as well as the growing transformational impact of technology on tax services and tax administration overall.

Investing in technology will provide some of the key tools to address these challenges.

We encourage the European Commission to provide leadership in encouraging both businesses and tax administrations of Member states to “think Europe”, in other words to facilitate discussions on how individual Member States shall balance their own economic needs against the needs of other Member States, and the EU as a whole.

In this context, pro-growth policies that rely on green transition of the energy system will prove key in establishing a European strategic autonomy.

Thank you very much indeed.