EUROPEAN ECONOMIC SENATE

Newsletter 2010

Dear Senators,

with the turn of the year 2010/2011 we would like to start the regular sending of a newsletter containing up-to-date news from the European bodies as a new service.

The last months have just shown that European decisions more and more affect our daily actions in business. We have decided to send you this newsletter several times a year in order to keep you personally informed about internal developments in Brussels at an early stage.

We hope that the provided information will enable you to reach your daily decisions in an even more appropriate way based on useful information.

If you missed EES-Newsletters you will find these newsletters on our web page under the rubric EES and there under Newsletter.

We are sending you our best wishes for a successful 2011

Dr. Ingo Friedrich	*Wolfgang Franken*	*Michael Jäger*
President	*Secretary General*	*Managing Director*

Contents

Newsletter 2010

EES-Events 2011

In 2011 we would like to offer to you interesting events. For the preview of our events please click **here**.

Back to Contents

Removing cross-border tax obstacles for EU citizens

The European Commission published a Communication which outlines the most serious tax problems that EU citizens face in cross-border situations and announces plans for solutions. When individuals move or work or invest abroad, they can encounter double taxation and other difficulties such as in claiming tax refunds and in obtaining information on foreign tax rules. The Communication announces plans in some areas such as cross-border income, inheritance taxes, dividend taxes, car registration taxes and e-Commerce. Today's Communication also aims to see where further action could be taken, at both EU and national level, to make Member States' tax systems more compatible so that citizens will not be deterred from engaging in cross-border activities.

The European Commission intends to step up its activities to help make Member States' tax systems more compatible, and to propose concrete measures to prevent or remove tax problems for EU citizens. The Communication sets out a number of initiatives in this field. These include:

- A Communication on Double Taxation in 2011, examining the extent and gravity of this problem across the EU, followed by legislative proposals in 2012, proposing solutions.
- Proposals in mid-2011 to address cross-border inheritance tax problems.
- Measures to resolve the double taxation that can arise when a car that is first registered in one Member State is then moved to and re-registered in another Member State.
- Extension of a "one-stop-shop" system for e-Commerce, in order to make reporting obligations for businesses much simpler and easier for them to offer goods and services online to foreign consumers. Obstacles to e-Commerce will also be addressed within the review of the EU's VAT System for which a consultation is now open.
- Proposals in 2012 to solve problems related to the taxation of cross-border dividend payments.

In addition, the Commission intends to promote a wide dialogue amongst national authorities and stakeholders to see what else could be done to simplify tax measures to the benefit of citizens and the Internal Market. Ideas include standardised tax claim and declaration forms throughout the EU, single info-points where workers and investors could get clear and reliable tax information, and special tax measures at national level to cater for the needs of mobile and border workers.

Please click **here** for more information.

Back to Contents

Good progress in cutting red tape: lending a hand to businesses

The European Commission's efforts to cut unnecessary administrative burdens are progressing well, making the lives of businesses easier, in particular small and medium sized enterprises, and strengthening European competitiveness The Commission has already tabled proposals with a reduction potential well above the target of 25 % and is preparing new proposals bringing the total reduction potential to almost 33 % or EUR 40.7 bn.. That is the key message of the update about the implementation of the Action Programme for Reducing Administrative Burdens in the EU, published today on the eve of the Competitiveness Council. Commission President José Manuel Barroso discussed this progress today with the Chairman of the High-Level Group of Independent Stakeholders on Administrative Burdens, Dr. Edmund Stoiber. The Group advises and assists the Commission on administrative burden reduction and will produce a report on best practice in Member States by end of 2011.

The President of the European Commission, José Manuel Barroso, said: "I am very glad about the good results of our efforts to reduce administrative burdens. They are part of our endeavours to support growth and jobs, and to improve the business environment through smart regulation in these difficult times. Considerable progress has been made, but we need to continue our hard work to get rid of unnecessary bureaucracy. I count in this context on the ongoing precious support and advice from the High-Level Group chaired by Dr. Edmund Stoiber. I strongly hope that the proposals still pending before the Council and the European Parliament will be adopted rapidly, notably in the field of accounting, thereby lending a much needed hand to European businesses and in particular to the very small ones."

The target to reduce administrative burdens for businesses in the EU by 25 % by 2012 and the corresponding Action Programme were proposed by the Commission in January 2007, and endorsed by the European Council in March 2007. The improvement of the business environment by cutting red tape is a joint objective which can only be attained on the basis of a shared responsibility of the European Institutions and the Member States. The Commission has already proposed measures that reduce administrative burdens by more than 31%. Out of this, Council and Parliament have adopted measures amounting to a reduction of 21.8 %. Measures representing a reduction of 9.3% are still pending before the Council or the Parliament.

The Commission is preparing new proposals bringing the total reduction potential to almost 33 % or EUR 40.7 bn. The Commission calls on Council and Parliament to adopt the remaining proposals. Furthermore, the Commission encourages Member States to implement EU law in the least burdensome way and has asked the High-Level Group chaired by Dr. Edmund Stoiber to produce a report on best practice in Member States by end of 2011.

Please click **here** for more information.

Back to Contents

Digital Agenda: Commission launches consultation on a single Europe-wide phone number for EU businesses

In a public consultation launched, the European Commission is asking businesses, consumers, telecoms operators and public authorities whether they see benefits in a system that would allow businesses to use the same telephone number in all EU Member States. EU-wide phone numbers could reinforce the EU's Single Market, as outlined by the Digital Agenda for Europe. An EU wide phone number could help European businesses to offer cross-border sales more easily and facilitate access to after-sales and customer enquiry services irrespective of the Member State where the customer is situated. The consultation will help the Commission assess market demand for European business phone numbers and, if necessary, formulate initiatives for the introduction of such numbers. The consultation will run until 28 February 2011.

Currently there is no EU-wide number available for businesses wanting to be reachable across borders. Instead, companies need to rely on different national or non-geographic "business" numbers, such as 0800-numbers in each Member State in which they operate. This leads to extra costs for businesses and consumers and hampers the development of the EU's Single Market. Often, non-geographic numbers in one Member State are not reachable from other Member States.

The Commission consultation asks questions on market fragmentation, possible ways to harmonise telephone numbers, market demands for the future and management of the numbers. Respondents are invited to send their views on the numbering policy that would best contribute to the development of the Single Market by 28 February 2011.

The Commission will analyse the responses to the consultation and will then take a decision outlining the most appropriate approaches to the numbering policy to enhance the Single Market.

Telephone numbers in the EU are administered nationally by the national regulatory authorities, which allocate numbers in accordance with their national numbering plans. Consequently, national numbering assignment schemes predominate in the EU.

Under EU telecoms rules, there are two possible approaches to enhance harmonised numbering for businesses. One option could be introducing an EU-wide short number (e.g. starting with 115) which could be reserved for businesses. These numbers are short and easy to remember and would provide a single identifier for a company throughout Europe. Another route would be to introduce measures to promote the take-up of a European telephone access code (+3883) under the European Telephone Numbering Space (ETNS). Businesses telephone numbers could consist of the +3883 code plus a telephone number which would remain the same in all Member States.

An attempt was made in 2000 by the International Telecommunications Union (ITU) to introduce a European single numbering space. Under this scheme, a code - +3883 - was assigned to 24 European countries in order to develop a European telephony numbering space (ETNS). The objective of the ETNS was to promote pan-European services by making numbers available in circumstances where neither national nor global numbers were suitable or available. It was meant to allow pan-European companies, organisations and individuals to facilitate Europe-wide access to their services, but is due to lapse on 31st December.

The consultation document is available **here**.

Back to Contents

Commission launches Strategy to boost development of the Danube Region

The European Commission has today presented its proposal for an EU Strategy for the Danube Region and its 115 million inhabitants. This initiative seeks to develop the huge economic potential and improve environmental conditions of the region. By establishing a framework for long-term cooperation on a wide range of issues, the Strategy will play a key role in improving sustainable transport, linking energy systems, protecting the environment, preserving water resources and stimulating the business climate. With its focus on sustainable growth, it will also make an important contribution to achieving the Europe 2020 goals. The Strategy will bring added value, by ensuring coherence between different policy areas, and greater coordination between participating states. While there are no new funds for implementation of the Strategy, closer alignment of programmes adopted by the Danube states should mean that the €100 billion available to the region in the current financial period achieves greater impact. This Strategy proposes the EU's second only "macro-region", following the creation of the EU macro region in the Baltic Sea area.

The Danube Region encompasses 14 countries (of which 8 are EU Member States) ranging from Germany in the West to the Ukraine in the East. It faces challenges including untapped shipping potential, lack of road and rail connections, uncoordinated efforts in education, research and innovation, and environmental threats. The recent disaster of the toxic sludge spill in Hungary is a clear illustration of the need to work together beyond borders to prevent spread of pollution and combat effects of such catastrophes.

Given the inter-linked nature of many of these challenges, cooperation within a 'macro-regional' framework, is intended to produce more effective coordination. This approach does not imply new laws or institutions but rather strengthens links between different policies and between a wide range of stakeholders. It aims to serve the interest of the region as a whole while taking into account its diversity.

Although the Strategy will not come with extra EU finance, a considerable amount of funding is already available to the region through a host of EU programmes. The aim is to use this available support – € 100 billion alone has been allocated from the cohesion policy (European Regional Development Fund, Cohesion Fund, European Social Fund) between 2007 and 2013 – to greater effect and show how macro-regional cooperation can help tackle local problems.

The Strategy contains a detailed action plan based around four pillars:

- Connecting the Danube Region (e.g. improving mobility, encouraging sustainable energy and promoting culture and tourism)
- Protecting the environment in the Danube Region (e.g. restoring water quality, managing environmental risks and preserving biodiversity)
- Building prosperity in the Danube Region (e.g. developing research capacity, education and information technologies, supporting the competitiveness of enterprises and investing in people's skills)
- Strengthening the Danube Region (e.g. stepping up institutional capacity and improving cooperation to tackle organised crime)

The Strategy is open-ended, but includes a number of time-limited targets, to mobilise effort, including:

- increasing cargo transport on the Danube by 20% by 2020

- reduce nutrients to restore eco-systems of the Black Sea to 1960 levels by 2020
- bring broadband fast-speed internet access to all EU citizens in the region by 2013
- secure a viable population of Danube sturgeons by 2020

To achieve the targets, the strategy lists a series of actions which will also make an important contribution to achieving the broader Europe 2020 goals for sustainable and smart growth. Examples include: the modernisation of the fleet of ships for the rivers; construction of two bridges over the river between Romania and Bulgaria; promotion of the Danube region as a tourist destination; building of waste water treatment plants where required; establishment of joint research centres, and; improvement of living conditions of Roma communities.

The countries involved are those currently covered by the Danube Cooperation Process (of which eight are EU Member States): Germany (especially Baden-Württemberg and Bavaria), Austria, Hungary, the Czech Republic, Slovakia, Slovenia, Bulgaria, Romania, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Moldova, and Ukraine.

Please click **here** for more information:

Back to Contents

Commission launches debate on the future of VAT

VAT system of the EU to the benefit of all economic actors and public authorities. The Commission intends to adapt the VAT, which was introduced decades ago, to the challenges of today and to close the VAT gap of around 100 billion euro across the EU. The Green Paper is supposed to be perceived as rather encompassing, and discussion shall include a large variety of measures. The consultation runs until the end of May 2011. The Commission wishes to build on its results to present its priorities for the future VAT system at the end of 2011.

Click **here** to get to the consultation.

Back to Contents

Tax provisions: Commission admonishes several states or takes them to court

At the end of November, the Commission admonished several member states to change their tax provisions or took them to court on tax-related issues:

- Belgium is being taken to the Court of Justice over the discriminatory treatment of pension savings contributions;
- Belgium was also asked to put an end to the discriminatory tax treatment of certain income from capital;
- Denmark, The Netherlands and Spain were taken to court over exit tax rules; Spain is also sued for discriminatory rules on fiscal representatives;
- France is taken to court for failing to adjust its system for taxing electricity, and Ireland over reduced VAT rate for horses and greyhounds.

Back to Contents

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