



## EUROPEAN ECONOMIC SENATE

### Newsletter 01/2016

Dear Senators!

On the 28th of January 2016 the EU Commission presented new measures against corporate tax avoidance. The aim is to coordinate an EU wide response to corporate tax avoidance, following global standards developed by the OECD last autumn (please see TOP 2).

The European commission has published the “2015 Employment and Social Developments in Europe Review” (ESDE) on the 21st of January 2016. This annual review shows the latest employment and social trends, reflecting on upcoming challenges and possible policy responses (please see TOP 3).

With this newsletter we cordially invite you to the world taxpayers conference which shall take place from March 17th through 19th, 2016, in Berlin. Players and globally recognised experts with a broad spectrum from science, industry and politics are going to meet under the motto “Low Taxes and Good Governance – A Necessity in an Insecure World?!” to discuss the positive influence of tax systems on economic growth, the effects of bureaucracy and good governance as well as questions of the influence of political interests on tax systems (please see TOP 1).

The year 2016 will bring many challenges for economy. With our events we want to start discuss on important issues and bring the expertise of the economic policy in more detail on various political levels. Please see TOP 4 with information on the planned EES events 2016.

Yours sincerely,

Dr. Ingo Friedrich  
President

Michael Jaeger  
Managing Director

Wolfgang Franken  
Secretary General

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## **1. World Taxpayers' Conference. March 17.-19., 2016, in Berlin**

*“Good Governance and Low Taxes – Necessities in an Uncertain World?!”*

With this newsletter we cordially invite you to the world taxpayers conference which shall take place from March 17th through 19th, 2016, in Berlin.

The conference is organised by the German Taxpayers Association as well as the European and world taxpayers associations, WTA and TAE.

Players and globally recognised experts with a broad spectrum from science, industry and politics are going to meet under the motto “Low Taxes and Good Governance – A Necessity in an Insecure World?!” to discuss the positive influence of tax systems on economic growth, the effects of bureaucracy and good governance as well as questions of the influence of political interests on tax systems.

You are more than welcome to participate!

### **Location**

Mercure Hotel Berlin Tempelhof  
Hermannstrasse 214-216, D-12049 Berlin, Germany

### **Check Out the Great Lineup of Speakers for the Conference**

<http://www.taxpayers.events/keynote-speakers/>

### **Programme**

[Link to the Programme](#)

### **Hotel Reservation**

Book your Room at Mercure Tempelhof Hotel

Use code “WoConf” for your discount

E-mail: [h1894-re@accor.com](mailto:h1894-re@accor.com) .

### **Registration**

[REGISTER TODAY!](#)

**€495 - Regular, €250 - Partner ticket (social events only)**

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## 2. Fair Taxation: Commission presents new measures against corporate tax

On the 28<sup>th</sup> of January 2016 the EU Commission presented new measures against corporate tax avoidance. The aim is to coordinate an EU wide response to corporate tax avoidance, following global standards developed by the OECD last autumn.

Vice-President Valdis Dombrovskis, responsible for the Euro and Social Dialogue said:



*"Today we are taking another step to strengthen confidence in the entire tax system, making it fairer and more efficient. People have to trust that the tax rules apply equally to all individuals and businesses. Companies must pay their fair share of taxes, where their actual economic activity is taking place. Europe can be a global leader in tackling tax avoidance. This requires coordinated European action, avoiding a situation of 28 different approaches in 28 Member States. "*

The "Tax Avoidance Package" calls on Member States to take a stronger and more coordinated stance against companies that seek to avoid paying their fair share of tax and to implement the international standards against base erosion and profit shifting.

### Key features of the new proposal:

- legally-binding measures to block the most common methods used by companies to avoid paying tax;
- a recommendation to Member States on how to prevent tax treaty abuse;
- a proposal for Member States to share tax-related information on multinational operations in the EU;
- actions to promote tax good governance internationally;
- a new EU process for listing third countries that refuse to play fair.

Collectively, these measures will hamper aggressive tax planning, boost transparency between Member States and ensure fairer competition for all businesses in the Single Market.

The package is based around the **three core pillars** of the Commission's agenda for fairer taxation:

- **Ensuring effective taxation in the EU**

The fundamental principle of corporate taxation is that companies should pay tax where they make their profits. The Package makes specific proposals to help Member States ensure that this happens. The Commission proposes an Anti Tax Avoidance Directive with legally binding measures to tackle some of the most prevalent tax avoidance schemes. Its Recommendation on Tax Treaties advises Member States on the

best ways to protect their tax treaties against abuse, in a way that is compatible with EU-law.

- **Increasing tax transparency**

Transparency is crucial to identifying aggressive tax planning practices by large companies and to ensuring fair tax competition. Today's Package seeks to boost transparency on the taxes that companies are paying, through a revision of the Administrative Cooperation Directive. Under the proposed rules, national authorities will exchange tax-related information on multinational companies' activities, on a country-by-country basis. As such, all Member States will have crucial information to identify risks of tax avoidance and to better target their tax audits. The Commission is also currently looking at the separate issue of public country-by-country reporting, for which an impact assessment is currently underway in view of an initiative to be presented in early spring.

- ***Securing a level playing field***

Tax avoidance and harmful tax competition are global problems. Action to prevent them must extend beyond the EU borders. As Member States work to implement new global standards of tax transparency and fair tax competition, it is important that the EU's international partners follow suit. Developing countries should also be included in the international tax good governance network, so that they can benefit from the global fight against tax avoidance too. The Package also contains a Communication on an External Strategy for Effective Taxation. Its aim is to strengthen cooperation with international partners in fighting tax avoidance, enhance EU measures to promote fair taxation globally based on international standards and create a common approach to external threats of tax avoidance. This will help to ensure a fair and level playing field for all businesses and countries.

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### **3. 2015 Employment and Social Developments review: Investing in people is key to economic growth**

The European commission has published the “2015 Employment and Social Developments in Europe Review” (ESDE) on the 21<sup>st</sup> of January 2016. This annual review shows the latest employment and social trends, reflecting on upcoming challenges and possible policy responses.

This year's review reveals further positive employment and social developments in the EU. However, despite recent improvements, huge disparities still exist between Member States, in terms of economic growth, employment and other key social and labour market indicators. Many of these disparities are linked to an underutilisation of human capital on several fronts.



Commissioner for Employment, Social Affairs, Skills and Labour Mobility, Marianne Thyssen, commented: *"We need to ensure that there are more and better opportunities for people in the EU, especially those furthest away from the labour market. We must also invest in enhancing people's skills, so that all women and men in the EU can realise their full potential. We need to invest in people to achieve growth and jobs. We need to ensure that our labour law and social protection systems are fit-for-purpose in the 21st century, and we need to foster entrepreneurship and innovation. The European Pillar of Social Rights will play an important role in this context."*

The 2015 ESDE report looks at ways of tackling these disparities, focusing in particular on job creation, labour market efficiency, social protection modernisation and investment in people.

- **Promoting job creation**

The ESDE 2015 review highlights the potential of self-employment and entrepreneurship to create more jobs. However, the data suggests that some groups, including young people, old people, women, and ethnic minorities, may face stronger barriers to start their own businesses. In addition, this year's report indicates that a majority of people do not feel that they possess the necessary skills or knowledge to start a business. The ESDE review reveals that targeted policies can help. These can include easier access to financing or fiscal incentives, entrepreneurship education or access to child and elderly care. The ESDE review also reports an increase in the variety of employment contracts, which allow for flexible working arrangements and therefore increased labour market participation, but can also lead to labour market segmentation.

- **Improving labour market efficiency**

The review reveals that the EU can make better use of its human resources through mobility. Although the number of mobile workers has increased over the past two decades, their share in the total work force remains limited: Only 4% of the EU's population aged 15 to 64 live in a Member State other than the one they were born in. Yet, mobile EU workers tend to have better employment prospects overall than the native population. In addition, their flows have reduced unemployment in some Member States hit hardest by the crisis and helped address staff shortages in receiving countries. The ESDE review therefore clearly underlines the economic potential of mobility. The review also looks at long-term unemployment, which affects about 11.4 million people in the EU. Fighting long-term unemployment is crucial when striving to improve labour market efficiency, as the long-term unemployed have about half the chance of finding employment compared to the short-term unemployed.

- **Investing in people**

Although the level of unemployment in the EU remains high, employers continue to encounter difficulties in filling certain vacancies. In addition to genuine mismatches in skills, the ability to fill vacancies is also limited by an inability to offer attractive pay or working conditions, good training or career opportunities. The ESDE 2015 review finds that there is a significant share of non-EU workers in occupations below their qualification level. The "New Skills Agenda" initiative that the EU Commission is preparing for this year will seek to address these challenges. In addition, employment

levels of women with children and older workers are still significantly low. Promoting greater labour market participation of these groups will be crucial in the context of an ageing population.

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#### **4. EES Schedule of planned Events 2016**

The year 2016 will bring many challenges for economy. With our events we want to start discuss on important issues and bring the expertise of the economic policy in more detail on various political levels.

[Link to EES Schedule planned Events 2016](#)

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Source: Publication of European Commission, own summary

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