

Interview for the Sunt Förnuft
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“Let us Talk about EU Tax Policy”
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What are the most important signs you have seen in recent years that strong forces within the EU want to give the EU its own right to tax?

The EU Commission has long been trying to expand its powers, and in particular been attempting to levy so-called “own resources”, which means nothing else than introducing new taxes or levying an EU surcharge on existing taxes. At the same time, the EU Commission has always wanted more resources to be able to spend more money and implement its political ideas. In addition to more funds of its own, the EU also wanted permission to incur EU debt in order to be able to further increase the EU budget. We at the Taxpayers Association of Europe (TAE) have been able to prevent this for decades through our lobbying work and through unanimity on individual EU issues. However, the exceptional situation of the Corona pandemic was then misused to enable EU debt and to introduce own and new taxes at EU level. In addition, the EU Commission is doing everything it can to harmonize direct taxes, such as corporate taxes. From our point of view, all this is a dangerous development. There is a risk of escalating debt, higher taxes and a loss of freedom as well as more centralization, i.e. a shift of national competences to Brussels.

Could the minimum corporate tax rate of 15 percent be a first step in such a development?

The 15% minimum tax is probably only a first step and will not be the last. Because this has created a gateway for a further increase in taxes, more regulations and more redistribution as well as less market economy. We taxpayers are threatened by a tax cartel that we are almost powerless at the mercy of.

Why do you think the European Commission wants to be given the right to levy its own taxes? Is the Corona fund of 750 billion euros the beginning of a much more expansive financial policy?

We have been promised by EU politicians that the 750 billion Euros in EU debt for the "Next Generation" program will remain an exception and that it will be a one-off to specifically combat the consequences of the Corona crisis. In reality, however, the taxpayers have been taken for a fool, because when you see what is now being financed from this pot, you can see very clearly that it is not just about combating the consequences of the Corona pandemic. There are also increasing voices, both in the EU Parliament and in the EU Commission, who would like to make this pot a permanent fixture and even expand it massively. You should therefore listen carefully and add up the sums of what EU Commission President, Ursula von der Leyen, has in mind for further spending. Don't get me wrong: Fighting climate change, digitization, fighting unemployment, especially among young people, fair competition, refugee aid and coordination of asylum, energy security, a common EU defence, etc. are all important issues, but you hear nothing here about more efficiency in administration, relief for citizens and companies, compliance with the principle of subsidiarity, or the preservation and expansion of the market economy. The EU

seems to want to regulate everything for us, preferably through spending and redistribution. This means that we are no longer talking about billions here, but actually about trillions for the EU! All of this is always linked to more regulatory powers for the EU. This year alone there are 43 new projects, or as the EU Commission puts it nicely, “initiatives”.

What do you think should be done to stop the development? What can Sweden do now during the presidency?

First of all, we need a pause to catch our breaths; not more or new regulations or higher taxes, just a stop. Because Corona has already brought many companies and people to the brink of existence: Now there are the effects of the Ukraine war, an EU-wide recession and rising inflation with higher interest rates. What we need is not more, but less bureaucracy, more efficiency in public spending and, at the same time, market-based solutions, especially in the area of energy policy and security of energy supply. Solutions that miss the market generally do more harm than good. We Germans could certainly learn a lot from you Swedes.

Could such a development in the long run threaten the EU's existence because countries with organized economies tire of financing countries that do not want to reform their economies? Could more countries follow in the footsteps of Brexit if the EU becomes more supranational?

This danger exists and will only increase if the policy is wrong. Incidentally, the EU treaties do not stipulate that states have to assume the debts of other states. There is a clear commitment to the market economy and the principle of subsidiarity. Unfortunately, this is being violated more and more.

How do you think the awareness is generally among EU politicians that it is actually EU taxpayers' money that is being dealt with?

If you look at what has happened in the last two years or so, you can definitely come to the conclusion that the EU is acting very intently here. Freely paraphrasing Winston Churchill, one could say: "Never miss a good crisis."

In order to reduce possible resistance, unanimity in important EU decisions is also to be abolished. "A scoundrel who thinks evil of it!"

What do you think are the most important measures the EU should take in the area of taxation?

It must always be about taxes being fair and just. We at the Taxpayers' Association are also in favour of fair tax competition. Everyone should pay the taxes they are supposed to pay. The amount and place of payment only play a subordinate role. It is important for politicians to recognize that taxes are always an important location factor. So, if taxes are harmonized and thereby increased for some countries, these so-called “EU low-tax countries”, such as Bulgaria, Ireland, Malta or Cyprus, to name just a few, lose an important locational advantage. Because the EU Commission would also like to regulate the level of wages in the EU uniformly, these countries would then lose another important locational advantage. Tax competition is not bad per se. It leads to pressure for reform, to create attractive national framework conditions for companies and investments, and to deal efficiently with the available tax money.

It would be important for politicians to recognize that the limit of the tax burden must not be pushed further and further upwards to the detriment of the taxpayer. Taxes should also not be misused as steering taxes. They serve to finance public budgets and public expenditure. Public funds should always be used as efficiently as possible.

What are the most important signs you have seen in recent years that strong forces within the EU want to give the EU its own right to tax?

This has been a gradual process. In recent decades, the EU Commission has made repeated attempts to introduce its own taxes or to levy an EU surcharge on existing taxes. So, when Commission President, von der Leyen, speaks of more or an improvement in the EU's own resources, what this is really about is a higher tax burden. Until the Corona pandemic, there was no majority for this, nor one to abolish the principle of unanimity.

With Corona there was a paradigm shift, and thus the permission of EU debt and the introduction of an EU tax. This opened Pandora's box. With BREXIT, the political majorities have also shifted. The balance between northern and southern countries no longer exists. For this reason, we reject an extension of majority voting and the abolition of unanimity on important EU issues. Unanimity - the right of veto - protects countries like Sweden and Germany from having to take on debts for other EU countries without being able to decide for themselves. Imagine you go into a restaurant and the majority of the guests present then decide who has to foot the bill for everything, no matter what they have ordered themselves. Not a really pleasant thought, is it?

What role can the Taxpayers Association of Europe (TAE) play in pushing the EU in the right direction?

We will raise our voice even more in Brussels. We will continue to expand our monitoring and our network. This also includes creating more transparency. We want to inform our members and the public about developments and political projects of the EU at an earlier stage. This is the only way we can counteract undesirable developments in good time. The national taxpayer organizations have an important task here, because many EU issues are waved through the national parliaments too quickly. We need more democratic control and more participation in decision-making. We want to make better use of and integrate the expertise of our taxpayer organisations. Therefore, we will form working groups on various subject areas, in which we will work out problems and proposed solutions in order to then bring them to the EU. Never before have taxpayer organizations been as important as they are today! Who else is fighting for the interests of taxpayers, whether nationally or at EU level? Together we can achieve a lot: Together we are strong! We are committed to sustainable reforms in the EU. More Europe where it is needed, for example in the areas of defence, refugee policy or research and development. And less Europe, where possible, i.e. reducing bureaucracy, more national responsibility again. We need a return to the values of the founding fathers of the EU so that future generations can also live in peace and prosperity.

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