



European Commission
Taxation and Customs Union

ACTIVITIES OF THE EUROPEAN UNION (EU) IN THE TAX FIELD IN 2008



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ACTIVITIES OF THE EUROPEAN UNION (EU) IN THE TAX FIELD IN 2008

1. PERSONAL AND CORPORATE TAXATION

1.1. Communication on a coordination of Member States tax systems

Following the Communications adopted on December 19th 2006¹, the Commission continued discussions with Member States in the Council on a series of initiatives to promote better co-ordination of national direct tax systems in the EU. The aim is to ensure that national tax systems comply with Community law and interact coherently with each other.

The main objectives of a coherent and coordinated tax approach are to:

- Remove discrimination and double taxation,
- Prevent unintended non-taxation and abuse, and
- Reduce the compliance costs associated with being subject to more than one tax system.

On 3 December 2008, the ECOFIN Council adopted a resolution² (political commitment) to avoid double taxation in the area of exit taxation when individuals or business transfer their business assets from one Member State to another.

1.2. Taxation of savings

Tax evasion cases through the use of Liechtenstein's foundations made known to the public at the beginning of 2008 have clearly demonstrated the importance of international cooperation in the area of direct taxation. The application since July 2005 of the provisions of the Savings Taxation Directive³ (EUSD) and of the related Agreements concluded with 5 European third countries (Switzerland, Liechtenstein, Monaco, Andorra and San Marino) and 10 dependent or associated territories of the United Kingdom or the Netherlands should certainly be considered as an important step forward in this process. The provisions of the EUSD and the related Agreements aim at ensuring that, through the exchange of information between tax authorities or, transitionally, by means of a withholding tax with revenue sharing, savings income in the form of interest payments received by individuals resident in the EU is made subject to effective taxation, in accordance with the laws of the Member State of residence, wherever this income is obtained in the EU or in the other participating third countries or dependent or associated territories.

¹ COM(2006) 823 final

² See:

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/104449.pdf

³ Council directive 2003/48/EC of 3 June 2003, OJ 157/38



On 15 September 2008 the Commission presented to the Council a first report on the application of the EUSD, after its first three years of operation (COM (2008)552 final, Council Document 13124/08 FISC 117). The report is based on the outcome of consultations held with the EU Member States' tax administrations, on data provided by them on the first two tax years of application and on the findings of an expert group set up by the Commission in 2007 to seek advice from business sectors concerned or likely to be concerned by the EUSD. The report drew attention to the need for amendments to the EUSD in order to improve its effectiveness and to prevent a risk of market distortions.

On the basis of that report the Commission put forward, on 13 November 2008, a proposal⁴ to close identified loopholes in the EUSD. The Commission proposal seeks notably to better ensure the taxation of interest payments which are channelled through intermediate tax-exempted structures (trust, foundations...). It is also proposed to extend the scope of the EUSD to income equivalent to interest, like the one arising from investments in some innovative financial products as well as in certain life insurance products.

The ECOFIN Council of 3 December 2008⁵ favourably welcomed the Commission's proposal to review the EUSD and called for rapid progress of the discussions on the proposal.

In parallel with the review process of the Directive and following the request of the ECOFIN Council, the Commission launched in January 2008 exploratory talks with Singapore, Hong Kong and Macao with a view to looking at the possibility of promoting the adoption by those jurisdictions of equivalent measures to those applied as from 1 July 2005 within the European Union in the field of savings taxation. At this stage discussions are still ongoing.

On the other hand, formal negotiations will start shortly with Norway, at its request.

Detailed information is available on Internet through the following link:
http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/savings_directive_review/index_en.htm

⁴ COM(2008) 727 of 13 November 2008

⁵ See:

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/104530.pdf



1.3. Good Governance in the Tax Area

In 2008 the Commission has further pursued its efforts towards the promotion of the principles of good governance in the tax area (i.e. transparency, exchange of information and fair tax competition) in its relations with third countries and in particular in the external relations and development areas.

On May 14th 2008, the ECOFIN Council adopted formal conclusions⁶ supporting the inclusion of a specific provision on good governance in the tax area in relevant agreements to be concluded with third countries by the Community and its Member States.

In the framework of its development policy, the Commission continued discussions with third countries on possible Government commitments to transparency, exchange of information and fair tax competition. On the basis of these commitments, countries may be granted an additional funding under the 10th European Development Fund, where a specific incentive allocation is available for good governance, including in the tax area.

For further information, see:

- DG Taxation and Customs Union's website under "Other EU work related to harmful tax practices):

http://ec.europa.eu/taxation_customs/taxation/company_tax/harmful_tax_practices/index_en.htm

- DG Development's website: Country strategic papers with commitments on good governance in the tax area are accessible through the following link:

http://ec.europa.eu/development/geographical/methodologies/strategypapers10_fr.cfm

1.4. Transfer pricing issues

On July 1st, the Arbitration Convention on the elimination of double taxation (transfers of profits between associated companies) entered into force as regards Bulgaria and Romania, following Council Decision of 23 June 2008 (see OJ L 174 of 3/7/2008, pages 1-5).

The Arbitration Convention establishes a procedure to resolve disputes where double taxation occurs between enterprises of different Member States resulting from an upward adjustment of profits of an enterprise in one Member State. Most bilateral double taxation treaties include a provision for corresponding downward adjustments of profits of the associated enterprise concerned but do not impose a binding obligation on the Contracting States to eliminate the double taxation.

The EU Arbitration Convention provides for mandatory arbitration in cases where Member States cannot reach mutual agreement on the elimination of double taxation

⁶ See:

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/100339.pdf



within two years of the date on which the case was first submitted to one of the competent authorities of the Member States involved. The Convention thus improves the conditions for cross-border activities in the Internal Market.

In addition, the implementation of the Code of conduct related to the Arbitration Convention⁷ has been monitored. The outcome will be included in the JTPF report to be adopted in 2009.

1.5. Code of Conduct for business taxation⁸

The ECOFIN Council of 2 December 2008 adopted the work programme of the Code of Conduct Group for the next 18 months. The programme clarifies the Group's operating rules and sets its new areas of investigation. The code of conduct group deals with implementation of a 1997 code of conduct aimed at eliminating situations in the EU of harmful tax competition. The code of conduct group is responsible for assessing and reviewing member states' tax measures, with a view to the rolling back of tax measures deemed as harmful (where a favourable tax regime in one Member State attracts businesses from other Member States), and for monitoring a "standstill".

In addition, the Council noted the progress achieved in 2008 by the Code of Conduct Group, requested the group to continue its work on "standstill" and "rollback" and to report back to the Council in June 2009. See:

http://ec.europa.eu/taxation_customs/taxation/company_tax/harmful_tax_practices/index_en.htm#code_conduct

1.6. Common consolidated corporate tax base (CCCTB)

At the end of the first half of 2008, the Commission services finished the preparatory work in the technical working groups with Member States' experts and the preparatory consultation with many interested parties. In the second half of 2008, the internal work was focused on the preparation of a detailed impact assessment and the drafting of a legislative proposal.

However, some detailed technical aspects and the impact assessment still require some further work and this work is continuing.

The CCCTB would enable companies to follow the same rules for calculating the tax base for all their EU-wide activities, rather than in accordance with the existing 27 systems, thereby, simplifying procedures, improving efficiency and reducing compliance costs. Member States would retain full sovereignty over their tax revenues as they would continue to set their own national tax rates.

More information can be found on the dedicated web pages:

http://ec.europa.eu/taxation_customs/taxation/company_tax/common_tax_base/index_en.htm

⁷ OJ C176, 28/07/2006, p.8

⁸ Council Conclusions of the ECOFIN Council meeting of 1 December 1997; 98/C 2/01)



2. VALUE ADDED TAX (VAT)

2.1 Fight against VAT fraud

In its 2006 Communication for a European strategy to combat tax fraud⁹, the Commission pointed out 3 possible ways to tackle VAT fraud (in particular the "missing trader fraud" or also named "carousel" fraud¹⁰):

- Improving the capacity of Member States to tackle tax fraud within the existing legal framework (the so-called "conventional measures" option);

More far reaching measures which consist in either:

- Modifying the current VAT system by providing Member States the option to extend the reverse charge mechanism to domestic transactions in a Member State;
- Modifying the current VAT system by introducing a system of taxation of Intra-Community supplies of goods.

2.1.1 Improving the capacity of Member States to tackle tax fraud within the existing legal framework (the so-called "conventional measures" option)

On 16 December 2008, following a Commission's proposal¹¹ of 17 March 2008, the Council adopted an amendment to the VAT Directive¹² in view of ensuring that tax administrations obtain more quickly than today (2 months instead of up to 6 months) information about intra-community transactions.

In addition, as a follow-up of the Communication¹³ of 23 November 2007 containing a number of key elements for improving Member States' capacity to tackle VAT fraud, the Commission adopted on 1 December 2008 a Communication¹⁴ presenting a short term action plan with a list of future legislative measures to enhance the capacity of tax administrations to prevent or detect VAT fraud and to recover taxes. Following the action plan, the Commission will propose early 2009 to introduce measures to:

- prevent potential fraudsters from abusing the VAT system including: common approach to the registration and de-registration process of VAT taxable persons in the EU; on line confirmation available to traders of the validity of the VAT identification number of their customer;
- simplify, modernise and harmonise the current rules on invoicing;

⁹ COM(2006) 254

¹⁰ Missing trader fraud is where a taxable person, having made an intra-Community acquisition on which VAT has not been charged, makes a subsequent domestic supply on which he charges VAT and then disappears without having paid that VAT to the Treasury.

¹¹ COM/08/147 of 17 March 2008

¹² Council Directive 2006/112/EC of 28 November 2006 on the Common System of Value Added Tax (OJ L 347, 11.12.2006, p. 1)

¹³ COM/2007/758 and the working document SEC/2007/1584

¹⁴ COM/2008/807 of 1 December 2008



- enhance the tools for the detection of VAT fraud, in particular by the creation of a European network, called Eurofisc, for closer operational cooperation between Member States;
- strengthen the possibilities for tax authorities to recover VAT losses in cross-border cases (including, improvement of the mutual assistance between tax authorities for the recovery of taxes, introduction of shared responsibility for the protection of all VAT revenue independently of the Member State to which it is due).

According to the Commission, each individual measure should bring added value, but it is only the implementation as a whole which will provide the tax authorities with an adequate framework for combating VAT fraud.

Also on 1 December 2008, the Commission already adopted two measures¹⁵ to amend the VAT Directive in order to better tackle VAT fraud.

The first measure aims to prevent the existing abuse by fraudsters of the VAT exemption at importation. The importation of goods is exempt from VAT if followed by a supply or transfer of those goods to a trader in another Member State. Inadequate implementation of this exemption in national law has led to difficulty in following-up the physical movement of the imported goods. Experience shows the increasing use of this particular exemption in missing trader fraud schemes. Therefore, the Commission proposes to tighten the conditions under which the importer can benefit from the exemption: at the time of importation, he shall clearly indicate to the Member State of import his VAT identification number, the VAT identification number of his customer and he shall prove that the imported goods will be transported to another Member State.

The second measure proposed by the Commission on 1 December 2008 aims to give Member States the possibility to make the supplier of goods liable for the VAT loss created by his missing customer in another Member State, when he did not report his supply to his VAT authority.

2.1.2 More far reaching measures

Despite intensive discussions in 2008 between the Ministers of Finance at ECOFIN meetings, they could not reach unanimous agreement on adopting more far reaching measures, such as the introduction of a generalised reverse charge system or of a system of taxation of Intra-Community supplies of goods.

In order to feed the debate on a possible future adoption of those two measures, the Commission adopted on 22 February 2008 a Communication¹⁶ in which it stressed that any change in the VAT legislation could not lead to new opportunities for fraud. The Communication also exposed that both measures could pose potential problems that would need to be examined further before either system could be agreed. The taxation of intra-Community supplies of goods could create competitive cash flow disadvantages

¹⁵ COM/2008/805 of 1 December 2008

¹⁶ COM/2008/109) of 22 February 2008 accompanied by a staff working document SEC/2008/249.



for businesses trading across borders and would require the re-allocation of VAT revenues between Member States. As regards the possible introduction of a generalised reverse charge system for domestic transactions, the Commission insisted that this could only work effectively if it was applied uniformly across all Member States and it should not be made available as an optional system. However, given the dearth of experience with such a generalised system, the Commission was not opposed to a pilot project being launched by a willing Member State, provided that certain conditions are met.

The Commission did not receive any political steering from the Member States on their readiness to accept the consequences of those radical changes. It therefore decided to concentrate its efforts on proposals which would improve the administrative capacity of the tax administrations (see conventional measures above).

2.2. Reduced VAT rates

On July 7th, the Commission made a proposal¹⁷ to change the VAT Directive 2006/112/EC so as to provide Member States with the flexibility to apply reduced VAT rates for some specific services on a permanent basis. The Commission proposal covers areas where there is sufficient evidence that reduced rates do not create problems for the proper functioning of the Internal Market. The proposal does not alter the principle that the application of reduced rates is optional for Member States.

Following the proposal, Annex III to the VAT Directive - which contains the list of goods and services eligible for reduced rates - would in future also include the following issues:

- the whole housing sector. The housing sector will no longer be limited to services linked to a social policy, as it is currently, but will be broadened to include the supply and construction of all housing, as well as all services related to the housing sector (including renovation, maintenance, cleaning, ...);
- renovation and maintenance services relating to places of worship, cultural heritage and historical monuments, as recognised by Member States;
- restaurant and catering services, excluding alcoholic beverages;

¹⁷ COM/2008/428final of 7 July 2008



- locally supplied services including the labour intensive services for which the reduced rates experiment expires on 31/12/2010 and similar locally supplied services such as:
 - Minor repair of tangible movable goods, including bikes but excluding other means of transport. Examples include shoes, clothes, computers, watches;
 - Cleaning and maintenance services of all these goods and, in this case, other means of transports are included;
 - Domestic care services (e.g. home help and care of the young, elderly, sick or disabled);
 - All personal care services (including hairdressing, beauty services, ...);
 - Gardening services

In addition a number of small clarifications are proposed. The category of pharmaceutical products is widened to cover all absorbent hygiene products, notably including children's nappies. Concerning medical equipment for the disabled the Commission proposes widening this category to cover all specially designed or adapted material or equipment for the exclusive personal use of the disabled (including specially adapted cars, Braille keyboards ...).

Printed books, under current legislation, may be subject to reduced rates. The Commission proposes widening the definition of books to include audio-books. These are defined as 'CDs, CD-ROMs or any physical support that predominantly reproduce the same information content as printed books' and which do not include other material such as games.

The proposal was accompanied by an impact assessment (SEC/2008/2191 final).

The Commission's proposal was discussed several times in 2008 by the Ministers of Finance. At the last 2008 ECOFIN meeting, the French Presidency recognised that no unanimous agreement could be reached. However, at the European Council of 11 and 12 December, the Presidents and Prime Ministers of the Member States requested the ECOFIN Council to "settle the possibility, for the Member States that so wish, of applying reduced VAT rates in certain sectors by March 2009".

The Commission's proposal of July does not widen the scope of reduced rates for environmental or energy saving purposes. The Commission has carried out in 2008 a number of studies concerning the possible use of reduced rates for energy saving materials or energy efficient goods and services in accordance with the request formulated by the European Council in March 2008. The Commission will present the results of its analysis, accompanied by relevant proposals in 2009.



2.3. Commission proposal for a Council Directive amending several elements of the VAT Directive

Discussion on this proposal continued in the Council during 2008.

On 7 November 2007 the Commission adopted a proposal¹⁸ to amend several elements of Council Directive 2006/112/EC.

Comments from the business world and the Member States had demonstrated the need to amend several elements of the VAT Directive. None of the amendments calls into question the guiding principles set out in the VAT Directive or is sufficiently important to justify on its own a separate proposal for a directive.

It has therefore been considered expedient to incorporate into a single proposal the specific improvements that the VAT Directive seems to require. These amendments concern: the VAT scheme applicable to the supply of natural gas, electricity, heat and/or refrigeration; the tax treatment of joint undertakings set up pursuant to Article 171 of the EC Treaty; the taking into account of certain consequences of EU enlargement; and the conditions under which the right to deduct input VAT may be exercised in relation to certain immovable property.

2.4. VAT treatment of insurance and financial services

The Commission published on March 13th a staff background paper which gives more detailed information and highlights the intentions and motives of the Commission in its 2007 proposal for a Directive and a Regulation¹⁹ aiming at modernising and simplifying the complex VAT rules for financial and insurance services and securing a level playing field in the pan-EU market for these services as far as VAT is concerned.

The proposal is aimed at clarifying and updating the definitions and rules governing insurance and financial services – which are exempt from VAT – thus increasing legal certainty for economic operators and tax administrations, reducing administrative burdens and reducing the impact of hidden VAT in the costs of service providers. The existing definitions were established in the 1970s and have led to uneven interpretation by the member states.

On 3 June, the ECOFIN Council took note of the progress made so far and called to continue work²⁰.

Discussions continued in the Council during the second half of the year focusing on the definitions of exempted insurance and financial services and on the mechanism of the option to levy VAT on these services.

On the basis of a progress report from the presidency, the ECOFIN Council of 2 December took note of continuing progress and will further review the evolution of discussions at the end of the first half of 2009.

¹⁸ COM (2007) 677 of 7 November 2007.

¹⁹ COM (2007) 746 and COM (2007) 747 of 28 November 2007.

²⁰ See:

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/100885.pdf



2.5. VAT package: place of taxation for services- mini one stop shop for electronically supplied services and VAT refund to non-established businesses

On 12th February 2008, the ECOFIN Council adopted the so-called VAT package consisting of two Directives and a Regulation aimed at changing the rules on VAT so as to ensure that VAT on services accrues to the country where consumption occurs and to establish a new procedure for claiming VAT refunds to ensure quicker processing.

The "VAT package" contains:

- a Directive²¹ on the rules regarding the place of supply of services and a mini one stop shop for telecom, broadcasting and e-commerce services;
- a Directive²² on procedures for VAT refunds to non-established businesses;
- a Regulation²³ on the exchange of information between Member States which is necessary to underpin the new arrangements

2.5.1. Place of supply of services

From 1 January 2010, the new rules on the place of supply of services will mean that business-to-business supplies of services will be taxed where the customer is situated, rather than where the supplier is located. For business-to-consumer supplies of services, the place of taxation will continue to be where the supplier is established.

However, in certain circumstances, the general rules for supplies both to businesses and to consumers will not be applicable and specific rules will apply to reflect the principle of taxation at the place of consumption. These exceptions concern services such as restaurant and catering services, the hiring of means of transport, cultural, sporting, scientific and educational services, and telecommunications, broadcasting and electronic services supplied to consumers.

2.5.2. Mini one-stop-shop for telecom, broadcasting and e-services

With regard to telecoms, broadcasting and electronic services, the new rules on the place of business to consumer supplies will apply from 1 January 2015.

From that date, these services will be taxed in the country where the consumer is established. Suppliers will be permitted to discharge their VAT obligations using a "one stop" scheme which will enable them to fulfil their VAT obligations in their home

²¹ Council Directive 2008/8/EC of 12 February 2008 amending Directive 2006/112/EC as regards the place of supply of services (OJ L 44, 20.2.2008, p. 11)

²² Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State (OJ L 44, 20.2.2008, p. 23)

²³ Council Regulation (EC) No 143/2008 of 12 February 2008 amending Regulation (EC) No 1798/2003 as regards the introduction of administrative cooperation and the exchange of information concerning the rules relating to the place of supply of services, the special schemes and the refund procedure for value added tax (OJ L 44, 20.2.2008, p. 1)



Member State, including for services provided in other Member States where they are not established. These obligations are registration, declaration and payment.

The VAT revenue from these services will be transferred from the country where the supplier is located to that where the customer is situated. It will be the country of the customer's VAT rates which will be applicable. In order to ensure a smooth transition, the Member State of establishment will retain a proportion of the VAT collected until 31st December 2018. This proportion will amount to 30% of the transferrable amount during the period 1 January 2015 to 31 December 2016, 15% from 1 January 2017 until 31 December 2018 and 0% from 1 January 2019 onwards.

2.5.3 VAT refunds to non-established businesses

Also from 1 January 2010, the current procedure for reimbursement of VAT incurred by EU businesses in Member States where they are not established will be replaced by a new fully electronic procedure, thereby ensuring a quicker refund to claimants. The current paper-based procedure is slow, cumbersome, and costly. It also lacks legal certainty. The new procedure will better facilitate businesses and improve the functioning of the internal market. A new feature is that businesses will be paid interest if Member States are late making refunds.

2.5.4 Administrative cooperation

Given the changes due to the introduction of a one-stop-shop scheme, it was necessary to introduce proportionate control and exchange of information measures without at the same time unduly burdening businesses.



2.6. VAT derogations: Council decisions concerning individual Member States

On the basis of Article 395 of Council Directive 2006/112/EC, Member States may be authorised to derogate from the common VAT rules to simplify the procedure for charging the tax or to prevent certain types of tax evasion or avoidance. Such derogations have been authorised under the following different procedures:

- Council Decisions authorised by the Council under the procedure provided for in Article 395(2) and Article 395(3);
- Council Decisions tacitly approved under the former Article 27(4) of the Sixth VAT Directive²⁴;
- Special measures that were applied by the Member States before 1st January 1977 and that were notified to the Commission before 1st January 1978, under Article 394.

The list reflecting the present state of play concerning the derogations applicable is available on the EUROPA website:

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/key_documents/table_derogations/vat_index_derogations_en.pdf

2.7. List of all remaining decisions and proposals made in the VAT area in 2008

Not all decisions by the Council and proposals made by the Commission can be described in this report. In Appendix, you will find a list of all remaining decisions in the VAT area in 2008.

²⁴ Sixth Council Directive of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes – Common system of value added tax: uniform basis of assessment (OJ L 145, 13.6.1977, p. 1). This Directive was repealed in its entirety by Directive 2006/112/EC with effect from 1 January 2007 while the provisions of Article 27(4) of the Sixth Directive referred to were deleted by Council Directive 2004/7/EC of 20 January 2004 amending Directive 77/388/EEC concerning the common system of value added tax, as regards conferment of implementing powers and the procedure for adopting derogations (OJ L 27, 30.1.2004, p. 44)



3. EXCISE DUTIES AND OTHER INDIRECT TAXES

3.1. General provisions applicable on excise duties

The EU Council of Ministers on 16 December 2008 adopted a new Directive²⁵ replacing Directive 92/12/EC on the general arrangements for excise duty (which concerns alcoholic beverages, tobacco products and mineral oils). This adoption followed a Commission's proposal²⁶ of 22 February 2008.

The new Council Directive provides a legal framework for the use of a computerised system to monitor the movement of excise goods for which no tax has been paid yet. This Excise Movement Control System (EMCS), which should be operational from April 2010, will help to better tackle excise fraud by creating a faster and more efficient means of information exchange between excise authorities.

Amongst others, the new Directive also allows Member States to simplify existing rules for commercial movements, including distance sales, of excise goods from one Member State to another on which excise duty has already been paid in the Member State of dispatch.

It also fixes a date (2017) for abolition of tax free shops at land borders with third countries. Abolition has been approved given that persons travelling overland can move more frequently as compared to the other travel modes, which increases the risk of non-respect of the duty and tax free import allowances by travellers and, consequently, the control burden for the customs authorities both in the neighbouring third country as in the Member State of sale.

3.2. Traveller's allowances²⁷

From 1st December 2008 onwards, new rules on tax and customs duty free imports of goods imported in personal luggage of travellers have entered into force.²⁸

The new rules benefit to travellers who enjoy cost savings when importing goods into the EU in their personal luggage. At the same time, Member States avoid administrative costs currently involved in collecting small amounts of duties and taxes. Many of the previous rules, which have been in place since 1969, were no longer relevant to today's world.

²⁵ COUNCIL DIRECTIVE 2008/118/EC of 16 December 2008 concerning the general arrangements for excise duty and repealing Directive 92/12/EEC

²⁶ COM/2008/78 of 22 February 2008

²⁷ Travellers' allowances are the monetary thresholds or the quantitative limits under which travellers entering the EU from third countries are allowed to import duty free in their personal luggage.

²⁸ Council Directive 2007/74/EC of 20 December 2007 on the exemption from value added tax and excise duty of goods imported by persons travelling from third countries.



The new rules are summarized in following table:

	First option ²⁹	Second Option
Tobacco products	200 cigarettes or 100 cigarillos or 50 cigars or 250 grams of tobacco	40 cigarettes or 20 cigarillos or 10 cigars or 50 grams of tobacco
Alcoholic drinks	<ul style="list-style-type: none">- A total of 1 litre of alcohol and alcoholic beverages of an alcoholic strength exceeding 22 % vol, or undenatured ethyl alcohol of 80 % vol and over, ora total of 2 litres of alcohol and alcoholic beverages of an alcoholic strength not exceeding 22 % vol.- Additionally, a total of 4 litres of still wine and up to 16 litres of beer (only for VAT and excise duty).	
Fuel	In any one means of motor transport, the fuel contained in the standard tank and a quantity of fuel not exceeding 10 litres contained in a portable container.	
Any other goods including perfume, coffee or tea	Up to a value of 430 Euro for air and sea travellers Up to a value of 300 Euro for other travellers	

For instance, in the best case, air travellers can import duty-free 200 cigarettes, 1 litre of spirits, 4 litres of wine, 16 litres of beer and 430 € of other goods (toys, perfume, electronic devices...). Taxes and customs duties will be applied to the value of goods exceeding those limits. However, the value of an individual item may not be split up.

The same rules apply if travellers come from territories where EU rules on VAT and excise do not apply, such as the Canary Islands, the Channel Islands, the French overseas departments, the Aland Islands and Gibraltar.

²⁹ Member States have the option of reducing the quantitative limits on tobacco products (e.g. for cigarettes: from 200 to 40) in support of health policies.



3.3. Tobacco

Use of taxation in supporting health policy has been a priority of the Commission in 2008. Taxation forms part of an overall strategy towards the prevention and dissuasion of tobacco consumption. This strategy also includes other important measures such as non-price measures, protection from exposure to tobacco smoke, regulation of the contents, advertising restrictions etc. However, according to the World Bank, price increases in tobacco products are the most effective single intervention in preventing smoking.

Therefore, on July 16th, the Commission presented a Report³⁰ and a proposal for a Directive³¹ to amend the current EU excise duty legislation on tobacco. The draft Directive foresees a gradual increase in the EU minimum taxation levels on cigarettes and fine cut tobacco up to 2014. The proposal aims to contribute to reducing tobacco consumption by 10% within the next 5 years. At present, there are considerable differences in taxation levels between the lowest and the highest taxing Member States. For cigarettes, the difference can be up to almost 600% of the excise burden expressed in Euros. By increasing the minimum tax levels, the proposal will narrow differences between Member States' tobacco taxation levels and so help to tackle intra-EU tobacco smuggling which undermine the revenue and the health objectives of Member States imposing high taxes to deter smoking.

The proposal also updates the definitions of different types of tobacco products so as to remove loopholes which allow certain cigarettes or fine cut tobacco to be presented as cigars, cigarillos or pipe tobacco and therefore benefiting from a lower tax rate.

The proposal would also make the taxation rules more transparent, thereby creating a level playing field for manufacturers and giving flexibility to Member States to set minimum taxes.

The proposal was accompanied by an impact assessment (SEC/2008/2267).

3.4 Alcohol

3.4.1. Proposal for derogation for beer produced in Madeira

Following the 2007 Commission's proposal (COM 2007/772), the EU Council of Ministers on 3 June 2008 adopted Decision 2008/417/EC authorising Portugal to apply a reduced rate of excise duty on locally produced beer in the autonomous region of Madeira in cases where the annual production of the brewery does not exceed 300,000 hectolitres.

Council Directive 92/84/EEC already provides for reduced rates of up to 50 per cent for breweries producing up to 200,000 hectolitres. However, mainly as a result of increased tourism one of the two breweries located on Madeira is closely approaching annual production of 200,000 hectolitres upon which its entitlement to reduced rates would completely cease.

³⁰ COM/2008/460 of 16 July 2008

³¹ COM/2008/459 of 16 July 2008



Portugal had highlighted that the continued application of a reduced rate of duty to beer in such cases was essential if the local brewing industry was to be sustained. It was accepted that breweries located on Madeira faced particular competitive disadvantages as a result of their remoteness and the added costs this created in bringing beer to market. By way of illustration, the retail selling price of a Madeira beer is currently about 7.5 per cent higher than the retail selling price of beer brewed in mainland Portugal. If the beer produced in Madeira lost the benefit of the reduced rates, this would mean that the selling price would increase to 15 per cent more than beers produced on the mainland.

The derogation is based on Article 299(2) of the Treaty (specific measures for applying Community rules to the outermost regions) and is subject to the condition that where annual production exceeds 200,000 hectolitres, the entitlement to a reduced rate for quantities in excess of this figure will only apply to beer which is to be consumed in Madeira.

3.4.2. Mutual recognition of procedures for the complete denaturing of alcohol for the purposes of exemption from excise duty

On 28 August, the Commission adopted a Regulation³² on the mutual recognition of procedures for the complete denaturing of alcohol for the purposes of exemption from excise duty.

This Commission Regulation, amends the denaturants which are employed in Greece for the purposes of completely denaturing alcohol in accordance with Article 27(1)(a) of Directive 92/83/EEC.

3.5. Energy taxation

3.5.1 Green Paper on market-based instruments

The Taxation and Customs Union Directorate General published on 31 July 2008 a summary report on taxation-related aspects of the public consultation on the 2007 Green Paper on the use of market-based instruments (mainly taxes, tradable emission rights and direct subsidies) for environment and energy related policy purposes³³.

The report and the list of respondents are available at this web link:

http://ec.europa.eu/taxation_customs/common/consultations/tax/index_en.htm

The outcome of the consultation served the Commission services as input for the preparatory work on the proposal to review the Energy Taxation Directive (Directive 2003/96) which is planned in March-April 2009.

³² Regulation (EC) No 849/2008 of 28 August 2008 amending Regulation (EC) No 3199/93 on the mutual recognition of procedures for the complete denaturing of alcohol for the purposes of exemption from excise duty Official Journal L 231 , 29/08/2008 P. 0011 – 0011.

³³ COM (2007) 140 and see also the Commission's working document SEC(2007)388



3.5.2. Derogation in the Energy Taxation Directive

On 7 April 2008, the Council adopted a Decision³⁴ to authorise Italy to apply in determined geographical areas reduced rates of taxation on gas oil and LPG used for heating purposes in accordance with Article 19 of Directive 2003/96/EC.

3.6 Recast of the Capital Duty Directive

On February 12th 2008, the ECOFIN Council adopted Directive 2008/7/EC which recasts Directive 69/335 concerning indirect taxes on the raising of capital (capital duty directive). Capital duty is an indirect tax levied on contributions of capital for capital companies and restructuring operations involving capital companies. Today, only 6 of the 27 Member States continue to levy this tax (Greece, Spain, Cyprus, Austria, Poland and Portugal).

The recast is part of the Commission's "Better Regulation" exercise. It clarifies and simplifies the Directive in view of the problems that arose from its interpretation. The recast Directive:

- changes radically the structure of the Directive in order to reflect past amendments, with the ultimate aim of abolishing capital duty but with concessions due to the revenue losses this would imply,
- covers both restructuring operations that involve an increase in capital and restructuring operations that do not. The latter previously fell outside the scope of the Directive,
- gives provisions that apply equally to restructuring operations affected by contributions of assets and by exchange of shares; both types of restructuring operations are henceforth exempt from capital duty,
- ensures that the transfer of a capital company between Member States shall be exempt from capital duty.

³⁴ Council Decision of 7 April 2008 (2008/318/EC)



4. ALL TAXES: TAX AVOIDANCE AND EVASION MEASURES

4.1 Anti-fraud agreement with Liechtenstein

The European Commission adopted on 10 December 2008 the proposal for an anti-fraud agreement³⁵ between the EU and its Member States and the Principality of Liechtenstein.

The proposed agreement covers mutual administrative (including special forms of cooperation such as joint investigation teams and recovery) and legal assistance (including provisions on seizures and on banking/financial information) in the fight against fraud and other irregularities to the detriment of the financial interests of the parties, including the evasion of direct taxation.

The agreement provides for the necessary instruments to prevent, detect, investigate and prosecute fraud and any other illegal activities, including customs offences, bribery, tax offences concerning direct and indirect taxation and related money laundering, detrimental for the public financial interests of the contracting parties as well as to seize and recover defrauded moneys.

Currently, there is no assistance at all provided by Liechtenstein in matters of fraud to the detriment of public funds and in particular on tax evasion and tax fraud. Under the agreement the contracting parties can request assistance if they make a substantiated allegation of fraud or other illegal activities or, as regards direct taxes, of a fraudulent conduct, which means evasion of direct taxes committed by the means of the intentional use of false, falsified or incorrect documents, including incomplete tax returns submitted by natural or legal persons and incorrect business records. The agreement covers "fraudulent conduct" involving all persons, natural and economic operators, including banks or foundations (Stiftungen and Anstalten).

The proposal for the draft agreement has been adopted by the Commission on 10 December 2008 and presented to the Council for signature.

4.2 Mutual assistance for the recovery of claims relating to certain levies, duties, taxes and other measures.

On 28 November 2008, the Commission adopted Regulation (EC) No 1179/2008 laying down detailed rules for implementing certain provisions of Council Directive 2008/55/EC on mutual assistance for the recovery of claims relating to certain levies, duties, taxes and other measures³⁶. This Regulation replaced Commission Directive and entered into force on 1 January 2009.

This Regulation aims at facilitating the communication between the competent authorities of the Member States. It provides that all assistance requests and all accompanying documents and information should, as far as possible, be communicated by electronic means. It also contains new model forms for requests for mutual assistance, which reduce translation problems and allow accelerating the recovery assistance process.

³⁵ COM 2008(839) of 10 December 2008

³⁶ OJ L 319 of 29.11.2008, p. 21.



5. PUBLIC CONSULTATIONS

Open dialogue involving the European Commission, stakeholders and interested parties helps ensure that existing rules and proposals for new rules are designed to keep pace with the reality of rapid change.

Information on the following consultations as well as their results reports can be found at http://ec.europa.eu/taxation_customs/common/consultations/tax/index_en.htm

- VAT – Public consultation on the possible review of existing legislation on VAT reduced rates
- VAT - Public consultation on the possible review of existing legislation on invoicing

6. FISCAL STATE AID DECISIONS

DG TAXUD is consulted on all fiscal state aid cases.

For decisions on fiscal state aid cases see the state aid register on the website of the Directorate General for Competition of the European Commission at:

http://ec.europa.eu/comm/competition/state_aid/register/ii/#by_instrument

The State aid provisions of the EC Treaty provisions apply when a tax measure is discriminatory and provides an advantage only to certain enterprises, or certain activities.

The Commission has been given the exclusive power under the Treaty to take decisions on whether or not aid granted by Member States is compatible with the Treaty.

The Commission may require that illegally granted aid be repaid by recipients to the public authorities which granted it. The Member State must recover the aid immediately in accordance with domestic procedures. Commission decisions can be challenged before the European Court of Justice. On application by a Member State, the Council may, acting unanimously, decide that aid which that State is granting or intends to grant shall be considered compatible with the common market, if such a decision is justified by exceptional circumstances.



7. INFRINGEMENTS PROCEEDINGS LAUNCHED BY THE COMMISSION

The Commission is the 'guardian of the Community Treaties'. It monitors the Member States' application and implementation of primary and secondary Community legislation, institutes infringement proceedings in the event of any violation of Community law (Article 226 EC) and, if necessary, refers the matter to the Court of Justice. Over the last few years, efforts to prevent abuse of Community rules have become a major part of the Commission's work.

The XXVth Annual Report on monitoring the application of Community law (2007) was published in 2008³⁷.

See also the press releases on infringements included in the "infringement" pages of the website of the Directorate General for Taxation and the Customs Union. They are presented by policy area³⁸ and by country³⁹.

Where it detects a failure to comply with Community law, the Commission may initiate the procedure for failure to fulfil an obligation provided for in Article 226 of the EC Treaty.

In 2008, DG Taxud opened **353 new infringement cases**, whereby 211 were related to indirect taxes (VAT: 134; Excise duties: 35; Car, energy and environmental taxation: 42) and 142 were related to direct taxes.

In most of the cases, this implies that DG Taxud sent to the Member States concerned a letter of formal notice, the first stage of the infringement procedure, inviting them to submit their observations within two months.

At the date of 31 December 2008, 552 infringement cases, for which such a procedure was applied, were still ongoing (301 were related to indirect taxes (VAT: 204; Excise duties: 39; Car, energy and environmental taxation: 58) and 251 to direct taxes).

During the year 2008, **85** infringement cases were **closed after Member States modified their national legislation** and therefore complied with the Community Law.

These figures clearly reveal the **Commission plays an important role in correct implementation of European legislation** into national law and therefore ensures uniform application of EU legislation in all Member States.

³⁷ See:

http://ec.europa.eu/community_law/infringements/infringements_annual_report_25_en.htm

³⁸ See:

http://ec.europa.eu/taxation_customs/common/infringements/infringement_cases/bypolicy/index_en.htm

³⁹ See:

http://ec.europa.eu/taxation_customs/common/infringements/infringement_cases/bycountry/index_en.htm



8. EUROPEAN COURT OF JUSTICE JUDGEMENTS

For judgements of the European Court in 2008 in the tax field see the website of the ECJ at <http://curia.europa.eu/en/index.htm>

Ad hoc Press releases are published at <http://curia.europa.eu/en/actu/communiqués/index.htm>

See also the website of the Directorate General for Taxation and the Customs Union at http://ec.europa.eu/taxation_customs/common/legislation/case_law/index_en.htm

This section provides a catalogue of the case law in direct taxation, in indirect taxation (e.g. VAT, car taxation and excise duties) and the latest lists of Court cases in the area of customs.

9. ACTIVITIES OF THE EUROPEAN PARLIAMENT

Like all parliaments, the European Parliament has three fundamental powers: legislative power, budgetary power and supervisory power. In the ordinary legislative procedure the European Parliament and the Council of Ministers together adopt legislation proposed by the Commission. Parliament therefore has to give its final agreement. In the tax field, however, the European Parliament provides its opinion on Commission proposals in the tax field but the proposal is not adopted unless there is unanimous agreement by the EU's Council of Ministers. Second, the European Parliament and the Council are the two arms of the budgetary authority. Parliament exercises democratic oversight of all Community activities. In this context, it can set up committees of enquiry, table questions on Commission proposals and it plays a central role in appointing the Commission.

The Opinions delivered in 2008 on tax issues by the Parliament's Committee for Economic and Monetary Affairs and by the Committee for Legal Affairs and the Internal Market, and parliamentary questions and answers on tax subjects, are to be found on the Parliament's website at http://www.europarl.europa.eu/news/public/default_en.htm

10. ACTIVITIES OF THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE (ECOSOC)

This Committee is also required to provide its opinion on Commission proposals in the tax field. It can also provide opinions in the taxation field at its own initiative. See website at: http://www.eesc.europa.eu/index_en.asp

11. ACTIVITIES OF THE COMMITTEE OF THE REGIONS

The Committee of the Regions adopts opinions on tax proposals that have regional implications. See website at <http://www.cor.europa.eu/>



12. TAX PUBLICATIONS OF THE EUROPEAN COMMISSION IN 2008

12.1 Report "Taxation Trends in the European Union"

This year's report (covering years 1995-2006) has shown the strongest year-on-year increase in the EU in ten years. The weighted tax-to-GDP ratio (i.e. the total amount of taxes and social security contributions) in the EU27 increased to 39.9% in 2006 from 39.3% in 2005. The EU27 tax ratio is nevertheless lower than in 1996 (40.3%) and the peak of 41.0% in 1999. The downtrend which had started in 1999 in most Member States stopped in 2005. EU tax levels remain generally high in comparison with the rest of the world, with the EU27 tax ratio exceeding those of the USA and Japan by some 12 percentage points. However, the tax burden varies significantly between Member States, ranging in 2006 from less than 30% in Romania (28.6%), Slovakia (29.3%) and Lithuania (29.7%), to almost 50% in Denmark (49.1%) and Sweden (48.9%).

Labour taxes remain the largest source of tax revenue, representing close to half of total tax receipts in the EU27. Taxes on capital accounted for approximately 23% of total tax receipts, and consumption taxes 28%.

The "Taxation Trends in the European Union" report contains a detailed statistical and economic analysis of the tax systems of the Member States of the European Union and Norway. The data are presented within a unified statistical framework (the ESA95 harmonised system of national and regional accounts), which makes it possible to assess the heterogeneous national tax systems on a fully comparable basis.

The standard classifications of tax revenues (by major type of tax or by level of government) presented in most international tax revenue statistics are hard to interpret in economic terms. This publication stands out for offering a breakdown of tax revenues by economic function (i.e. according to whether they are raised on consumption, labour or capital). This classification is based on disaggregated tax data and on a breakdown of the revenue from the personal income tax. In addition, the report contains indicators of the average effective tax burden on consumption, labour and capital, as well as data on environmental taxation and on the top rates for the personal and corporate income tax.

Country chapters give an overview of the tax system in each of the 28 countries covered, the revenue trends and the main recent policy changes. Detailed tables allow comparison between the individual countries and European averages. Data cover the 1995-2006 period and are presented both as a percentage of GDP and as a percentage of total taxation.

The 2008 edition is available at the following website:

http://ec.europa.eu/taxation_customs/taxation/gen_info/economic_analysis/tax_structures/index_en.htm



12.2 Taxes in Europe Database

In 2008, the Commission has updated its "Taxes in Europe Database", an internet tool providing citizens, business and researchers with information on about 600 most important taxes in the EU Member States. Using a methodology agreed with the Member States, this database includes information about the main aspects of each tax, as well as economic and statistical data such as the revenue generated. The database is equipped with a powerful search tool, allows for easy comparison among Member States and can be found at the following website:

<http://ec.europa.eu/tedb>

12.3 Taxation papers series.

Taxation Papers⁴⁰ are written by the Staff of the European Commission's Directorate-General for Taxation and Customs Union, or by experts working in association with them. Taxation Papers are intended to increase awareness of the work being done by the staff and to seek comments and suggestions for further analyses. Responsibility for "Taxation papers" rests solely with the authors and, in this regard, they do not necessarily represent the position of the European Commission.

Taxation Paper published in 2008:

- Taxation Paper No 11 - Corporate tax policy and incorporation in the EU. Written by Ruud A. de Mooij and Gaëtan Nicodème.

In Europe, declining corporate tax rates have come along with rising tax-to-GDP ratios. This paper⁴¹ explores to what extent income shifting from the personal to the corporate tax base can explain these diverging developments. The results suggest that the revenue effects of lower corporate tax rates – possibly induced by tax competition -- will partly show up in lower personal tax revenues rather than lower corporate tax revenues. Simulations suggest that between 12% and 21% of corporate tax revenue can be attributed to income shifting. Income shifting is found to have raised the corporate tax-to-GDP ratio by some 0.25%-points since the early 1990s.

- Taxation Paper No 12 - The corporate income tax rate-revenue paradox: Evidence in the EU. Written by Joanna Piotrowska and Werner Vanborren.

In Europe, the decline in the corporate tax rates has not been reflected in the tax-to-GDP ratios. This paper explores to what extent the observed trend can be explained by changes in the effective tax burden on corporate income, in the share of total income accruing to the corporate sector and in total business income relative to GDP. The results suggest that corporatization is the driving factor for the trend observed in corporate tax revenues.

⁴⁰ See:

http://ec.europa.eu/taxation_customs/taxation/gen_info/economic_analysis/tax_papers/index_en.htm

⁴¹ See:

http://ec.europa.eu/taxation_customs/resources/documents/taxation/gen_info/economic_analysis/tax_papers/taxation_paper_11_corporate_en.pdf



- Taxation Paper No 13 - Study on reduced VAT applied to goods and services in the Member States of the European Union. Written by Copenhagen Economics.

This paper⁴² argues that there is a strong general argument for having uniform VAT rates in the European Union. Uniform rates is a superior instrument to maintain a high degree of economic efficiency, to minimise otherwise substantial compliance costs and to smooth the functioning of the internal market. However, this study also argues that there are exceptions. There are real and valid economic arguments for extending lower VAT rates to some very specific sectors in member states characterised by specific economic structures.

12.4 Other publications

EMCS news letter

The Excise Movement and Control System (EMCS) is an ambitious project which will introduce electronic processing for declaring, monitoring and discharging movements of excise products under suspension of excise duties within the EU. EMCS will thus replace the current paper-based procedures.

The Commission recognises that the success of this project requires an extensive effort of communication. It therefore provides up-to-date information (via news letters) on the state of this project on its website, see:

http://ec.europa.eu/taxation_customs/taxation/excise_duties/circulation_control/emcs_info_services/index_en.htm

VAT- gold coins

The list of gold coins⁴³ whose supply will be exempt from VAT in 2009 was published in the EU Official Journal (OJ C 306, 29.11.2008, p. 6)

VAT rates in Member States

The list of VAT rates applied in the Member States is available at this web link:

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf

⁴² See:

http://ec.europa.eu/taxation_customs/resources/documents/taxation/gen_info/economic_analysis/tax_papers/taxation_paper_13_en.pdf

⁴³

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:306:0006:0019:EN:PDF>



Excise duty rates in Member States

The list of excise duty rates applied on alcohol beverages, tobacco or energy products, in the Member States is available at this web link:

http://ec.europa.eu/taxation_customs/taxation/excise_duties/alcoholic_beverages/rates/index_en.htm

Consultations of the VAT Committee by Member States

Certain provisions of the VAT require Member States to consult the VAT Committee before they introduce national legislation.

The latest list reflecting the consultations made is available at this web link

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/key_documents/vat_committee/Consultations_VAT_Committee_en.pdf

Guidelines issued by the VAT Committee

A selection of the Guidelines adopted by the VAT Committee is made available. This selection only shows unanimously adopted guidelines which are not subject to any legislative discussion.

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/key_documents/vat_committee/guidelines_en.pdf

12.5 Studies made for the Commission

- Study on the effective levels of company taxation within an enlarged EU: The study includes a focus on the effects of tax reforms in the EU27 for the period 1998-2007 and their impact on the level of taxation for both domestic and cross-border investment, as well as a partial analysis of SME partnerships.

http://ec.europa.eu/taxation_customs/resources/documents/taxation/gen_info/economic_analysis/economic_studies/effective_levels_report.pdf

- Study on the possible impact of measures envisaged for fighting VAT fraud (timeframes): In its Communication on the need to develop a coordinated strategy to fight against fiscal fraud (COM/2006/254) the Commission suggested a series of measures to improve the exchange of information. One of these measures is the reduction of timeframes for the collection and exchange of information on intra-Community transactions. This study analyses the possible impact of this measure on businesses active in intra-Community trade.

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/study_fighting_VAT_fraud-1.pdf



- Study on the possible impact of measures envisaged for fighting VAT fraud (More detailed information): In its Communication on tax fraud (COM/2006/254) the Commission suggested a series of measures to improve the exchange of information. One of these measures was the collection and exchange of more detailed information on intra-Community transactions. This study analyses the possible impacts of this measure on businesses active in intra-Community trade.

http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/study_fighting_VAT_fraud-2.pdf

- Study on the VAT invoicing rules contained in the VAT Directive (2006/112/EC), carried out by PricewaterhouseCoopers, aims to look at the four principal areas of invoicing – the requirement to issue an invoice, the content of an invoice, electronic invoicing and the storage of invoices – with a view to mapping the existing legislation in all Member States, analysing burdens on business and Member States' control needs, and providing recommendations for a more harmonised and modern set of VAT invoicing rules.

http://ec.europa.eu/taxation_customs/common/publications/studies/index_en.htm

12.6 Speeches.

Speeches of the EU Commissioner responsible for taxation:

http://ec.europa.eu/commission_barroso/kovacs/speeches/index_en.htm

13. CONFERENCES AND SEMINARS ON TAX ISSUES ORGANISED BY THE EUROPEAN COMMISSION

- On 7 and 8 April 2008, the second Brussels Tax Forum took place in Brussels around the topic "Taxation policy: enhancing competitiveness and growth in a European way". The conference focused on the contribution that taxation can make to promote growth and competitiveness in the European Union, while bearing in mind social aspects. The Brussels Tax Forum is an annual conference that brings together policy makers, experts, stakeholders and the general public from all over the world to discuss tax issues of particular political and general interest. The Brussels Tax Forum is hosted in Brussels by László Kovács, the EU Commissioner responsible for Taxation and Customs Union.

The minutes, presentations and speeches of the Forum are available at this web link:

http://ec.europa.eu/taxation_customs/taxation/gen_info/tax_conferences/tax_forum/index_en.htm



- *Fiscalis 2013 Seminars. The Fiscalis 2013 programme aims at stimulating cooperation between tax authorities in order to build on a more effective fight against fraud, to enhance a common understanding of Community legislation and to develop jointly good administration procedures and best practices. The Programme's budget finances a variety of activities amongst which seminars constitute a good framework for the exchange of ideas on particular topics between officials of the national administrations, Commission representatives and other experts, if necessary. Suggestions may emerge for improving the legal instruments in force or facilitating co-operation between administrations.*
 - "Common forms for exchange of information under Council Directive 77/799/EEC of 19 December 1977 concerning mutual assistance in the field of direct taxation", June, Finland.
 - "MAPS (Mutual agreement Procedure) working procedure amongst Member States and the interaction between MAP and judicial appeals/litigations", June, Croatia.
 - "The new electronic VAT refund procedure", September, Sweden.
 - "Single Authorisation for Simplified Procedures/ Centralised Clearance (joint seminar with Customs 2013 programme)", October, Hungary.
 - "Fiscalis seminar on actions still required before the start of EMCS (Excise Movement Control System) and Administrative co-operation in the excise field", October, Hungary.
 - "Excise Duty Provisions for Small and Medium Enterprises involved in the Production of Alcohol and Alcoholic Beverages", October, Poland.
 - "Evaluation of the functioning and achievements of the Multilateral Control (MLC) Platform ", October, Austria.
 - "Differentiating passenger car related taxes on the basis of CO₂ emissions", November, Ireland.
 - "'The place of supply of services", November, Malta.
 - "Moving forward on Mutual Assistance for the recovery of taxes", November, Belgium.
 - "The interpretation and the implementation by Member States' tax courts of principles established by ECJ case-law", December, Luxembourg.
 - For further information on Fiscalis seminars see: http://ec.europa.eu/taxation_customs/taxation/tax_cooperation/fiscalis_programme/index_en.htm



- *European Academic Tax Thesis Award:*

The European Academic Tax Thesis Award is a joint initiative of the European Commission (Directorate General Taxation and Customs Union) and the European Association of Tax Law Professors (EATLP). It was launched for the first time in 2007 and is meant to be awarded on a yearly basis. Up to five authors of academic theses defended in 2006 on issues of comparative, European and/or international tax law have had a chance to present their work to interested European Commission officials.

The 2008 European Academic Tax Thesis Award was awarded on Thursday 10 July 2008.

The three prize-winners and their respective subjects are:

Cristina Trenta: *IVA e servizi di comunicazione nel modello comunitario e nell'esperienza Italo- Svedese (VAT and Communication Services in the European Tax System and in the Italian and Swedish Experience)*

Luc de Broe: *International Tax Planning & the Prevention of Abuse under Domestic Law, Tax Treaties & EC-Law. A Study of the Use of Conduit and Base Companies*

Duncan Bentley: *A Model of Taxpayers' Rights as a Guide to Best Practice in Tax Administration*



APPENDIX

1. OTHER COUNCIL'S DECISIONS IN THE VAT AREA

- Council Decision 2008/84/EC of 22 January 2008 authorising the Federal Republic of Germany and the Republic of Poland to apply measures derogating from Article 5 of Council Directive 2006/112/EC on the common system of value added tax [Proposal COM(2007) 771 of 05.12.2007]: place of supply of services in relation to the construction and maintenance of cross-border bridges.
- Council Decision 2008/439/EC of 9 June 2008 amending Decision 2004/162/EC concerning "dock dues" in the French overseas departments [Proposal COM(2008) 191 of 16.04.2008]: update of the lists of products manufactured in French Guiana and eligible for differential taxation under the system of "dock dues", set out in the annex to Council Decision 2004/162/EC of 10 February 2004 concerning the dock dues in the French overseas departments
- Council Decision 2008/737/EC of 15 September 2008 authorising the Italian Republic to apply a measure derogating from Article 285 of Council Directive 2006/112/EC on the common system of value added tax [Proposal COM(2008) 404 of 30.06.2008]: VAT exemption for businesses with turnover not higher than €30000.

2. Other Commission's proposals and reports in the VAT area

- Proposal for a Council Decision Authorising the Czech Republic and the Federal Republic of Germany to apply measures derogating from Article 5 of Council Directive 2006/112/EC on the common system of value added tax [Proposal COM(2008) 753 of 17.11.2008]: place of supply of services in relation to the construction and maintenance of cross-border bridges.
- Report from the Commission to the Council on the application of the special arrangements concerning the AIEM tax applicable in the Canary Islands [COM(2008) 528 of 28.08.2008]