

# Roadmap Proposed for New Decision-Making Procedure in EU Tax Policy

## News

Thomas Wahl

On 15 January 2019, the European Commission kicked off a policy debate on reforming the EU's decision-making in taxation. This area is currently subject to a [special legislative procedure](#), the Council being the sole legislator and deciding by unanimity. The European Parliament is consulted only, i.e., the Council is not legally obliged to take the Parliament's opinion into account.

The Commission's [Communication "Towards a more efficient and democratic decision making in EU tax policy"](#) (COM(2019) 8) lists the disadvantages of the current system and the advantages of a future qualified majority voting procedure (QMV) in the Council under the ordinary legislative procedure, i.e., the EP having an equal say alongside the Council.

In the past, unanimity created unnecessary delays and was a tool to obtain concessions. Often, objections by Member States' delegations were not related to the tax matter in question. This is apparent in the EU Savings Directive, for example, which took 26 years from proposal to adoption.

The Commission also demonstrates that a definitive VAT regime could also help stop carousel fraud and save the EU taxpayer €50 billion in losses per year. A more efficient tax policy would also increase annual revenues within the EU and enhance economic growth.

The Commission suggests a roadmap for a progressive and targeted transition to QMV under the ordinary legislative procedure in certain areas of shared EU taxation policy. This is considered necessary for the following reasons:

- Citizens demanding action;
- Improved cooperation;
- More democratic decision-making;
- Stronger Single Market;
- Fairer taxation;
- The EU becoming a global leader in a fairer tax environment;

The Commission suggests four steps for a fairer and more efficient taxation policy:

- *Step 1: combating tax evasion/fraud.* Member States would agree to move to QMV decision-making for measures that improve cooperation and mutual assistance between Member States in fighting tax

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fraud/tax evasion and for administrative initiatives for EU businesses, e.g., harmonised reporting obligations;

- *Step 2: tax as supporting policy in other areas.* QMV would be introduced to advance tax measures as a support tool for other policy goals, e.g., fighting climate change, protecting the environment, and improving public health;
- *Step 3: further harmonisation of tax policy.* QMV would be used to help modernise already harmonised EU rules, e.g., VAT and excise duty rules. Faster decision-making in these areas would allow Member States to keep up with the latest technological developments and market changes, which would benefit EU countries and businesses alike;
- *Step 4: tax initiatives necessary for Single Market.* A shift to QMV is envisaged for major tax projects, e.g., the [Common Consolidated Corporate Tax Base \(CCCTB\)](#) and a new system for [taxation of the digital economy](#), which are urgently needed to ensure fair and competitive taxation in the EU.

The Commission suggests that decisions on Steps 1 and 2 should be taken swiftly. Steps 3 and 4 should be developed by the end of 2025.

The Commission also stresses that its proposals entail neither a change of EU competencies nor of Treaty provisions. The shift to QMV and the ordinary legislative procedure is already allowed under certain circumstances by the so-called “passerelle clauses,” e.g., Art. 48(7) TEU.

The Commission calls on EU Member States, the EP, and all stakeholders to engage constructively in a debate on QMV in EU tax policy. In particular, EU leaders are invited to endorse the proposed roadmap and to make timely decisions on use of the relevant legal provisions set out in the Treaties.

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