

# Tax Policies in the European Union – 2020 Survey



Thomas Wahl

## News

On 31 January 2020, the European Commission (DG TAXUD) published the fourth edition of its [survey on “tax policies in the EU.”](#) The survey examines how Member States’ tax systems perform in respect of the following benchmarks:

- Stimulating investment and addressing positive and negative externalities;
- Improving tax administration and tax certainty;
- Developing a more employment-friendly environment;
- Correcting inequalities and promoting social mobility;
- Fighting tax fraud, evasion, and avoidance.

These benchmarks in mind, the report identifies possible improvements to tax systems in terms of tax design, implementation, and compliance.

After defining what makes a fair and efficient tax system and providing an overview of recent taxation trends, the survey outlines how national taxation systems perform against the five benchmarks. The aim is to help Member States find the best way to address their own specific tax challenges. The survey then reviews Member States’ most recent tax reforms and describes some general reform options. Lastly, it presents the major recent actions on tax matters at EU level (2014-2020). New elements of the present edition of the survey include, *inter alia*, discussions on:

- Tax competition;
- Design and distribution of the overall tax mix;
- Sustainability of tax systems in a changing world;
- Measurement of effective tax rates on corporate income.

The survey provides evidence that multinational enterprises continue to engage in aggressive tax planning in order to decrease their tax burden. In addition, billions of euros in tax revenue are lost in the EU each year, because individuals evade taxes. According to the survey, taxation is more than just about raising revenue but also plays a central role in shaping a fairer society. Right and fair tax policies can eventually contribute to achieving the goals of the European Green Deal.

One of the main conclusions is that there is scope for Member States’ tax systems to be fairer and more efficient. This can be accomplished by various means, including tax incentives, reduced tax burdens on low-income earners, tax policies to foster social mobility, and the creation of effective tools to fight tax avoidance. The Commission admits, however, that there is no “one size does fit all” rule, but instead tax policies must take account of the national specificities and circumstances.

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The survey on tax policies in the EU is an important tool in the context of the [European Semester](#) and substantiates the tax policy priorities of the Commission's [Annual Sustainable Growth Strategy](#).

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