



PRIMER EJERCICIO - PARTE B

(ASPIRANTES FORMA DE ACCESO LETRA A, G, R Y L)

Taxation

The European Union does not have a direct role in raising taxes or setting tax rates. The amount of tax you pay is decided by your government, not the European Union.

The European Union's role is to oversee national tax rules – to ensure they are consistent with certain European Union policies, such as:

- promoting economic growth and job creation
- ensuring the free flow of goods, services and capital around the European Union (in the single market)
- making sure businesses in one country don't have an unfair advantage over competitors in another
- ensuring taxes don't discriminate against consumers, workers or businesses from other European Union countries.

Furthermore, European Union decisions on tax matters require unanimous agreement by all member governments. This ensures that the interests of every single European Union country are taken into account.

Value Added Tax and excise duties

For some taxes, such as Value Added Tax or taxes on petrol, tobacco and alcohol (excise duties), all 28 national governments have agreed to broadly align their rules and minimum rates, to avoid distorting competition across borders within the European Union.

Corporate and income tax

For other taxes, such as company and income tax, the European Union's main role is to ensure that principles such as non-discrimination and free movement in the single market are followed. Increasingly, a coordinated European Union approach is needed among all member countries to do this, as well as tackle common challenges such as tax evasion.

Tax revenue

The European Union also has no say in how countries spend their tax revenues. However, due to the increasing interdependence of European Union economies, countries that overspend and go into too much debt could jeopardise growth in their neighbours and undermine the stability of the Eurozone.

To minimise this risk, European Union countries try to coordinate their economic policies closely, partly based on recommendations from the Commission. Some of these recommendations refer to national tax policies, seeking to make them fairer, more efficient and more growth-friendly.



Tax in the single market

Breaking down tax barriers

Personal and company taxes are mainly the responsibility of the individual European Union countries. However, under European Union rules, they should not create barriers to mobility in Europe. Individuals who move to another European Union country, or companies who invest across borders, can face taxation in two or more countries or struggle with complicated administration.

There are treaties in place between most European Union countries designed to eliminate double taxation but they may not cover all taxes or all cross-border situations, and may not be applied effectively in practice. The Commission works in several ways to resolve these problems. This ranges from proposing coordinated solutions to governments to – if necessary – taking legal action if there is discrimination or breach of European Union law.