DRAFT *

CONCLUSIONS

EUROPEAN COUNCIL

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* almost identical to final Version: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/137197.pdf

In the current economic context we must mobilise all our policies in support of competitiveness, jobs and growth.

The supply of affordable and sustainable energy to our economies is crucial in that respect. This is why the European Council agreed today on a series of guidelines in four fields which together should allow the EU to foster its competitiveness and respond to the challenge of high prices and cost: urgent completion of a fully functioning and interconnected internal energy market, facilitation of the required investment in energy, diversification of Europe's supplies and enhanced energy efficiency.

Tax fraud and tax evasion limit countries' capacity to raise revenue and carry out their economic policies. In times of tight budgetary constraints, combating tax fraud and tax evasion is more than an issue of tax fairness - it becomes essential for the political and social acceptability of fiscal consolidation. The European Council agreed to accelerate work in the fight against tax fraud, tax evasion and aggressive tax planning. In particular, work will be taken forward as a matter of priority on promoting and broadening the scope of the automatic exchange of information at all levels.

I. ENERGY

1. The EU's energy policy must ensure security of supply for households and companies at affordable and competitive prices and costs, in a safe and sustainable manner. This is particularly important for Europe's competitiveness in the light of increasing energy demand from major economies and high energy prices and costs. While the guidelines set by the European Council in February 2011 remain valid and must continue to be implemented, further work is required as set out below.

2. Reaffirming the objectives of completing the **internal energy market** by 2014 and developing **interconnections** so as to put an end to any isolation of Member States from European gas and electricity networks by 2015, the European Council called for particular priority to be given to:

II. TAXATION

10. It is important to take effective steps to fight tax evasion and tax fraud, particularly in the current context of fiscal consolidation, in order to protect revenues and ensure public confidence in the fairness and effectiveness of tax systems. Increased efforts are required in this field, combining measures at the national, European and global levels, in full respect of Member States' competences and of the Treaties. Recalling the conclusions adopted by the Council on 14 May 2013, the European Council calls for rapid progress on the following issues:

this is a first!

(a) priority will be given to efforts to extend the automatic exchange of information at the EU and global levels. At the level of the EU, the Commission intends to propose amendments to the Directive on administrative cooperation in June in order for the automatic exchange of information to cover a full range of income. At the international level, building on ongoing work in the EU and on the momentum recently created by the initiative taken by a group of Member States, the EU will play a key role in supporting and promoting the automatic exchange of information as the new international standard, taking account of existing EU arrangements. The European Council welcomes ongoing efforts made in the G8, G20 and OECD to develop a global standard;

If eventually adopted certainly a major step forward.

What we are missing:
- Support for the common consolidated corporate tax base (CCCTB) that was proposed two years ago.
- The Conclusions don't provide any reliable timetables, outlining which measure shall be adopted by when - this is unusual for so called "priorities".

(b) further to the agreement reached on 14 May 2013 on the mandate to improve the EU's agreements with Switzerland, Liechtenstein, Monaco, Andorra and San Marino, negotiations will begin as soon as possible to ensure that these countries continue to apply measures equivalent to those in the EU.

In the light of this and noting the consensus on the scope of the revised Directive on the taxation of savings income, the European Council called for its adoption before the end of the year;

Adoption is overdue since years now - what's keeping them? There are political ways to overcome blocking by LUX and AUS.

(c) Member States will also give priority to the concrete follow-up to the Action Plan on strengthening the fight against tax fraud and tax evasion;

In recent ECOFIN conclusions finance ministers made clear that they are not bound by Commission recommendations - this statement has no relevance!

(d) in order to counter VAT fraud, the European Council expects the Council to adopt the Directives on the quick reaction mechanism and on the reverse charge mechanism by the end of June 2013 at the latest;

(e) work will be carried forward as regards the Commission's recommendations on aggressive tax planning and profit shifting. The Commission intends to present a proposal before the end of the year for the revision of the "parent/subsidiary" Directive, and is reviewing the anti-abuse provisions in relevant EU legislation;

(f) it is important to continue work within the EU on the elimination of harmful tax measures. To that end, work should be carried out on the strengthening of the Code of Conduct on business taxation on the basis of its existing mandate;

Improvement proposals are numerous - this kicks the progress in the long grass again.

Negotiations on the interest and royalties directive are stuck. Why doesn't the Council commit to progress there? Adoption would be possible at any time, if political will was there. All necessary proposals are on the table (minimum taxation, subject-to-tax clause, anti-abuse provisions etc.).

(g) efforts taken against base erosion, profit shifting, lack of transparency and harmful tax measures also need to be pursued globally, with third countries and within relevant international fora, such as the OECD, so as to ensure a level-playing field, on the basis of coordinated EU positions. In particular, further work is necessary to ensure that third countries, including developing countries, meet appropriate standards of good governance in tax matters;

(h) there is a need to deal with tax evasion and fraud and to fight money laundering, within the internal market and vis-à-vis non-cooperative third countries and jurisdictions, in a comprehensive manner. In both cases the identification of beneficial ownership, including as regards companies, trusts and foundations, is important. The revision of the third anti-money laundering Directive should be adopted by the end of the year. The proposal amending the Directives on disclosure of non-financial and diversity information by large companies and groups will be rapidly examined notably with a view to ensuring country-by-country reporting by large companies and groups;

A Very much welcomed suggestion by the Council! But they shouldn't have blocked it when we discussed accounting and transparency regulation a few weeks back!

(i) efforts are required to respond to the challenges of taxation in the digital economy, taking full account of ongoing work in the OECD. The Commission intends to assess these issues further, in advance of the October 2013 European Council discussion on the digital agenda.

11. The Council will report back on progress on all these issues by December 2013.

Note: It is crucial that information about beneficial ownership must also be published so that effective measures by governments around the world can be taken (may it in the area of anti money laundering or tax collection etc.)