

Europe Cannot Prosper Under The Weight Of Unnecessary Complexity

Joint Statement by 23 business, financial and professional associations

Europe has been debating its competitiveness problem for years. While other major economies have grown faster, Europe has fallen behind in key technologies, productivity has disappointed, and businesses still face costs and barriers that make it harder to invest, innovate and grow across the Single Market.

Europe's ability to create good jobs and sustain prosperity ultimately depends on our ability to compete. There is no shortage of strategies for restoring European competitiveness. But what matters now is what changes in practice.

Tax is where that will be tested.

The Commission's Tax Simplification Package offers a practical opportunity to cut unnecessary costs. The measures could save European businesses around €8 billion every year. That is money currently absorbed by complexity rather than invested in growth.

Simpler rules do not mean weaker tax enforcement. Europe has strengthened its tax framework considerably over the past decade. Those rules now need to be made coherent and free of duplication. The Commission has committed to reducing administrative burden by at least 25% for companies and 35% for SMEs. Tax simplification needs to contribute to that goal.

Some of today's costs are hard to justify. Tax collected only to be refunded does not strengthen the tax base; it simply creates costs for businesses and administrations alike. Withholding taxes should not remain barriers to investment within the Single Market. Businesses should not have to provide information that tax administrations already hold. And benefits that can be delivered sooner should not be unnecessarily delayed by a decade.

Revenue, safeguards and implementation will have to be dealt with in the negotiations. None of them justifies recreating the complexity the package was designed to remove.

What emerges from the negotiations should be simpler than what we have today, and no less ambitious than what was proposed.

We call on Member States to reach agreement on the package. But agreement will only matter if the ambition of the package survives the negotiations.

Europe has spent years identifying the barriers to its competitiveness. There is little value in identifying barriers only to leave them in place.

SIGNATORIES

