



LUXEMBOURG EU-PRESIDENCY WORK PROGRAMME FOR THE SECOND HALF OF 2015

On 24 June 2015, the Luxembourg EU-Presidency presented its work programme for the second half of 2015. The document entitled “*A Union for the citizens*” is divided into eight parts.

The introduction gives a general overview of the EU-Presidency’s priorities to put EU citizens at the heart of the European project. The main part of the document provides the seven key areas of work and also a description of the actions aimed to be carried out during the six-month period.

After an analysis of the work programme, it appears as mainly aligned to the Commission 2015 work programme (see the Secretariat note of 14th January 2015). This is partly due to the fact that the rotating EU-Presidency has to a large extent an organisational role, whose duties mostly consist in preparing and chairing the various Council meetings in its different compositions. Furthermore, it is a general practice that each EU-Presidency links its objectives closely to the Commission agenda.

EFCI members will find below a summary of the main initiatives of interest for our industry:

I. Deepening the European Union’s social dimension

1. Undeclared work (page 12, paragraph 1)

On 9 April 2014, the Commission presented a legislative proposal to establish an EU platform on undeclared work. The proposal was then forwarded to the Parliament and the Council to start the co-legislative procedure. Between September 2014 and May 2015, the proposal was discussed within the concerned Parliamentary Committee (Employment and Social Affairs) in order to establish the position of the Parliament. After the adoption of the EMPL-Committee final report on 7 May 2015, the trilogue negotiations between the Commission, Parliament and Council started in June-July 2015 (see the Secretariat note of 11th June 2015).

In this context, the Luxembourg EU-Presidency is committed “*to support Commission initiatives aiming to fight against all forms of social dumping such as those related to undeclared work*”. It is foreseen that the trilogue negotiations will be finalised under the Luxembourg Presidency. The indicative timetable foresees an adoption by the plenary of the Parliament in first reading on 23 November 2015.

2. Labour Mobility Package (page 12, paragraph 2)

In its 2015 work programme, the Commission announced that it will propose a ‘*Labour Mobility Package*’ during the second semester 2015 (see in this regard, the Secretariat note of 14th January 2015). Indeed, it aims to foster labour mobility (particularly in cases of long-term vacancies and skills mismatches) including across borders and to support the role of national authorities in fighting abuses and frauds. The initiatives of this package will include: a better coordination of national social security systems (see the Secretariat note of 7th August 2015), the carrying out of a targeted review of the Posting of Workers Directive (1996/71/EC) and an enhanced European Job Mobility Portal (EURES). The Luxembourg EU-Presidency considers mobility as one of the main achievements of the Single Market and therefore announces to participate in the legislative preparation of this package of measures due to be published in December 2015.

II. Revitalising the single market by focusing on its digital dimension

1. Single Market Strategy for goods and services (page 20, paragraph 7 and page 21, paragraphes 1 and 2)

In its 2015 work programme, the Commission announced its intention to present a “*Strategy for the Single Market for goods and services*” in the 4th quarter 2015. Indeed, it estimates that the development of a well-functioning integrated Single Market is still hampered by persistent legal and administrative obstacles, as well as by a lack of trust from market players. The objective is to improve integration, mutual recognition and standardisation in key industrial and services sectors.

The Luxembourg EU-Presidency wants to therefore contribute to this strategy by especially encouraging the use of the most effective regulatory and non-regulatory instruments, especially harmonisation and mutual recognition. The aim is to guaranteeing legal certainty, reducing regulatory fees for companies and offering consumers a wider choice. The future Commission Strategy is a priority for the Luxembourg EU-Presidency, as it aims to remove obstacles to cross-border trade.

2. Better law-making and REFIT programme (page 21, paragraph 3)

While the Commission has a strategic key role in better regulation, the commitment of the Parliament and the EU-Council is necessary to improve the quality of EU legislation. A concrete change can only happen through a commitment shared between the three main EU-Institutions. To this end, the Commission proposed in June 2015 a new interinstitutional agreement with the objective that all parties commit to legislate better and really improve their way of working together (see the Secretariat note of 18th June 2015 on Better Regulation).

In this context, the Luxembourg EU-Presidency considers that it is needed to adopt common EU rules in order to achieve legal certainty for market players, improve the internal market's functioning and stimulate growth. It therefore intends to actively participate in the update of the interinstitutional agreement on better law-making. It will also support the implementation of the REFIT (Regulatory Fitness and Performance) programme, initiated by the Commission in December 2012 in order to streamline EU legislation and to ease the burden on businesses.

3. Small and Medium Sized Enterprises (SME's) (page 21, before last paragraph)

In June 2008, the Small Business Act (SBA) introduced the "*Think Small First*" principle and established an action plan to stimulate the growth of SME's and to encourage them to create jobs. Since then, the Commission and Member States have implemented numerous actions to reduce administrative burden and ease SMEs' access to finance, and already reviewed the SBA in 2011 (see the Secretariat note of 4th March 2011). In September 2014, the Commission launched a consultation with a view to revise the SBA again. But in its 2015 work programme, the Commission did not include the review of the SBA, as it now apparently wishes to address SMEs' issues mainly in the framework of specific EU policies (for instance, through the upcoming Single Market Strategy).

However, the Luxembourg EU-Presidency considers the revision of the SBA as a priority in order to put the SME's at the heart of all EU policies and to ensure that the '*Think Small First*' principle is applied systematically to boost competitiveness and cut administrative burden on small companies.

III. Placing European competitiveness in a global and transparent framework

1. Transparency and exchange of information regarding tax rulings (page 24, last paragraph)

On 18 March 2015, the Commission presented a proposal for a Council Directive amending Directive 2011/16/EU on administrative cooperation (mandatory automatic exchange of information) in the field of taxation. According to the Commission, greater transparency for tax rulings is needed in order to tackle aggressive tax planning and ensure fair tax competition between Member States.

While a number of technical issues have been addressed already during the first half of 2015, the Commission proposal needs to be examined further at Council level in order to reach an agreement among Member States. Whilst ensuring respect for the Single Market's body of law concerning especially, free movement of capital and freedom of establishment, the Luxembourg EU-Presidency aims to successfully conclude negotiations on this Commission proposal.

2. Common Consolidated Corporate Tax Base (CCCTB) and Action Plan for fairer corporate taxation (page 24, last paragraph and page 25, paragraph 2)

On 16 March 2011, the Commission proposed a common system for calculating the tax base of businesses operating in the EU. "*The Common Consolidated Corporate Tax Base*" (CCCTB) is a single set of rules that companies operating in the EU could use to calculate their taxable profits. In other words, companies would have to comply with just one EU system for computing its taxable income, rather than various rules in each EU country in which they operate.

On 17 June 2015, the Commission presented a strategy to re-launch the CCCTB in its "*Action Plan for fairer corporate taxation*". This Plan sets to reform the corporate tax framework in the EU to tackle tax abuses, to ensure sustainable revenues and to support a better business environment in the Single Market. This Plan will serve as a starting point for the Luxembourg EU-Presidency in its work on taxation. In this regard, the Luxembourg EU-Presidency aims to make progress about the Directive on the CCCTB while the Commission announced that it will propose a new legislative proposal in 2016.

3. Standard Value-Added Tax (VAT) return (page 25, paragraph 3)

On 23 October 2013, the Commission presented a proposal for a Council Directive on a "*standard VAT return*" amending Directive 2006/112/EC. The aim is to reduce red-tape for EU businesses (particularly SME's), to ease tax compliance and to make tax administrations across the EU more efficient. Indeed, every year 150 million VAT returns are submitted to national tax administrations. The requested information, the format of national forms and the reporting deadlines vary considerably from one Member State to another. This makes VAT returns for cross-border businesses a complex and costly procedure. Businesses operating in more than one EU country have also complained that it is difficult to remain VAT compliant, due to the complexity of the process.

The “*standard VAT return*” – which would replace national VAT returns – would simplify the information that businesses will have to provide to tax authorities. It is aimed to ensure that businesses will electronically submit the same basic information, within the same deadlines, across the EU. As simpler procedures are easier to comply with and easier to enforce, the proposal is aimed to improve VAT compliance and increase public revenues.

In May 2015, within the ECOFIN Council, some Member States requested that the “*standard VAT return*” should become mandatory after a transitional period while most Member States argued that this could have an impact on the prospects of reaching an agreement. In June 2015, a revised compromise was submitted by the Latvian EU-Presidency but divergent views among Member States still existed on key outstanding issues, such as the level of standardisation of VAT return. In this context, the Luxembourg EU-Presidency intends to continue negotiations on the file.

Members will find herewith the work programme of the Luxembourg EU-Presidency in English and German. For more details, you are kindly invited to visit the website of the Presidency via this link: <http://www.eu2015lu.eu/en/la-presidence/a-propos-presidence/programme-et-priorites/index.html>

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