Submission on the European Commission Roadmap on Taxation: More Efficient EU Law Making Procedures

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As the representative body for businesses in the Greater Dublin Area, Dublin Chamber is the largest Chamber of Commerce in Ireland. The Chamber's cross-sectoral membership base comprises 1,300 firms, spanning the spectrum from micro-enterprises to large corporates, and supports 300,000 jobs nationally. This gives Dublin Chamber a keen insight into the needs of both businesses and their employees.

In this brief submission, Dublin Chamber argues that tax sovereignty is critically important to smaller EU member states, and an attempt to undermine this by introducing Qualified Majority Voting (QMV) on questions of tax policy would be extremely ill-considered in the context of the EU's current political climate. International action can be taken, e.g. through the OECD, in order to deal with complex issues like taxation of the digital sector and limitation of tax avoidance. The Chamber encourages the European Commission to heed this advice in considering the proposals outlined in the Roadmap on Taxation.

The importance of tax sovereignty to smaller EU members
The requirement for unanimity on questions of taxation is due to the sensitivity of this particular policy area for many member states. Whereas some states have natural advantages due to their central geographic location and demographic weight, others must adapt taxation policy to compensate for their peripheral geographic location and the small size of their domestic market, for example. Countries such as Ireland depend on using taxation policy to attract investment and increase their competitiveness relative to their neighbours and other larger countries.

Though many issues are best dealt with collectively, it must be acknowledged that EU Member States remain economically very different, especially small countries in comparison to the larger states. If smaller countries favour unanimity in taxation, and larger countries would prefer QMV on tax matters, it is clear that the preference is based largely on questions of national interest rather than being based on disinterested technical reasons. In reality, QMV will allow larger countries to drive EU-wide policies which will economically damage the smaller states that depended on taxation tools in the medium and long term.

In order to ensure that all Member States benefit from a harmonised EU tax policy, all Member States must agree to any measure adopted in the taxation field. While some policy changes may positively impact a handful of Member States, countries that would only experience negative effects as a result of a change should reserve the right to protect

themselves from deleterious legislation. It must also be noted that a collaborative approach to tax issues has been effective in the past under the current voting system and can continue to be in the future.

The current political climate in Europe
The future of the EU has never been more uncertain, with Europe having experienced considerable political, economic, and social tensions over the past decade. The planned exit of the United Kingdom from the EU and the rise of Eurosceptic parties throughout Europe are stark evidence of a popular sense of disenfranchisement from EU institutions. While the precise causes of this are debatable, it is obvious that throughout Europe there is widespread discomfort with the erosion of national sovereignty in key areas of policy.

In this social and political context, it is surprising that the European Commission would propose another erosion of national sovereignty on a sensitive matter like taxation. Far from rallying public opinion behind the European project, attempts to further reduce the autonomy of Member States are very likely to aggravate Eurosceptic feeling. In light of Brexit, the focus of EU Commission attention should be on matters with the potential to unite citizens of the remaining Member States, rather than pushing for reforms that are inherently divisive.