

The European Confederation of Independent Trade Unions (CESI) is a confederation of more than 40 national and European trade union organisations from over 20 European countries, with a total of more than 5 million individual members. Most of CESI's affiliates are employed in the different fields of the European, national, regional and local public services. As such, CESI also unites tax administration unions from across Europe. CESI has been a member of the European Commission's advisory Platform for Tax Good Governance since 2014.

CESI broadly supports the rationale which the European Commission lays out in its roadmap of February 2021¹ on measures to reduce the VAT gap (the difference between due and actually collected VAT revenues) in Europe in order to help the governments of the Member States finance the protection of jobs and the recovery of their countries in the current Covid crisis. CESI agrees on the acuteness of the issue, notes however that a VAT gap has been a problem for public finances and prevented more social and economic fairness in Europe for many years already. CESI welcomes in particular the recognition that the Member States' tax administration capacity to collect VAT will play an important role for the recovery from the crisis. To this end, CESI:

- notes that capacity is always preconditioned by adequate financial resources: In its prospective possible Communication, the European Commission should encourage Member States to **invest in the (digital) equipment, resources and staff of their tax administrations and tax inspectorates**, based on the very plausible assumption that this generates high revenues to public finances and pays off multiple times. There are few investments in public finances and social fairness as effective as this. The European Commission should also make sure to promote this approach further in the European Semester and ensure that there is sufficient flexibility in the EU's economic governance framework (Stability and Growth Pact) to allow Member States to engage in the necessary investments.
- welcomes the European Commission's plans to strengthen exchanges of best practices between tax administrations in Europe on how to reform administrations (also digitally) in a way that supports a better collection of due VAT, and to promote EU level tools and financing to implement such reforms at the national levels. CESI notes that the Communication should **emphasise the importance of a meaningful inclusion of the personnel, its representatives and the social partners in the design of any reforms of administrations**. Often, they know best how their own performance and those of their administration could be improved. The Communication should also **put a priority on the training and further training of staff**, including on European and international administrative cooperation, as a core component to deliver the full capacity of well-resourced in tax administrations and tax inspectorates.

¹ <https://ec.europa.eu/info/law/better-regulation/>