MEETING OF THE BUSINESSEUROPE’S ADVISORY AND SUPPORT GROUP, 29 September 2022

DG TAXUD Director-General was invited as a guest speaker at the meeting of the BusinessEurope’s Advisory and Support Group (ASG) on 29 September.

Positions of BusinessEurope on TAXUD relevant files were known even before being expressed at the meeting. BusinessEurope had commented, via replies to public service consultations, their position papers or press releases, on different TAXUD proposals:

- **On reform of the Customs Union:** BusinessEurope underlined the lack of uniformity among Member States on the implementation of UCC but also on the interpretation of UCC. On the main challenges facing Customs Union today, they note the need for more targeted measures to stop specific abuse instead of a far-reaching focus on risk controls, which adds significant bureaucratic hurdles.

- **On energy prices:** BusinessEurope had expressed concerns about the introduction of windfall profit taxes, as for them, such measures on energy companies’ profits might impact the ability of some electricity generators to make necessary investments and risk distorting the market in the long-term.

- **On Carbon Border Adjustment Mechanism (CBAM):** BusinessEurope argued that by rushing from free allocation of emission allowances within the ETS to CBAM, before the latter has been properly tested and has proven its effectiveness, EU policymakers would put Europe’s industrial strength at risk. They also noted that there would likely be a gap in carbon leakage protection, as we would have to rely solely on the CBAM, without a proper testing phase in place.

- **On the implementation of the OECD deal:** BusinessEurope stressed that a priority in the implementation of the EU Directive on Pillar 2 should be the protection of European competitiveness. For them, it is essential that the minimum corporate tax becomes effective in the EU only if and when EU’s major trading partners have implemented the same rules. BusinessEurope expressed their strong concerns about the timing of the EU Directive, and in particular the ambition to adopt it as soon as possible.

- **On the Business in Europe: Framework for Income Taxation (BEFIT):** BusinessEurope had noted that such a proposal may have the potential to act as a growth-enhancing measure for European businesses, in order to allow businesses to expand quicker and easier across the Single Market.

During the meeting, DG Thomas provided a short overview of the issues relevant for BusinessEurope. He reminded that the European Commission proposed an emergency intervention in Europe’s energy markets to tackle the recent and very
dramatic price rises. As part of this, the Commission proposed a temporary solidarity contribution on excess profits generated from activities in the oil, gas, coal and refinery sectors. These revenues would be collected by Member States and redirected to energy consumers, and particularly to vulnerable households, hard-hit companies, and energy-intensive industries.

The new geopolitical landscape means also that actors need to revise global supply chains, putting EU Customs again – after Brexit and COVID – to the centre of the geo-political stage. Both fiscal and non-fiscal controls are there to shield our businesses and legitimate trade; effective and efficient EU Customs is central to the EU’s economic interest. At the same time, both business and EU Customs struggle with unnecessary complexity of current Customs legislation and Customs processes, requiring to strive for ambitious simplification of how Customs works. To ensure that Customs can work effectively and efficiently, the Commission will propose a balanced package, focused on reducing the administrative burden for trade, streamlining import and export formalities and ensuring a service-oriented customs approach that supports our traders.

As for CBAM, the Commission designed an instrument to support our increased green ambitions in an efficient way. It focuses on the carbon content of products imported to the Union and thereby supports decarbonisation in the EU and globally. Generally, predictability for industry was a key principle for the design of CBAM. It is planned to enter into force gradually from 2026 onwards after a three-year transitional period. During this transitional phase, no financial obligations will be in place. This should facilitate the adaptation process for international operators, who will become accustomed with the system before entering its definitive phase.

Finally, regarding the OECD process, DG Thomas reminded that the Commission remains fully committed to pressing ahead with this crucial reform to the global tax framework. Both Pillars of the OECD deal are equally important for the EU. Both minimum taxation and the reallocation of taxing rights will have to be implemented to provide a fairer and more stable global corporate tax system. The Commission stands ready to put forward a proposal for a quick and uniform implementation of Pillar 1 in the EU as soon as work at the international level is sufficiently mature. On top of the implementation of the OECD agreement on international taxation, BEFIT is planned to reduce administrative burdens, remove tax obstacles and create a more business-friendly environment in the Single Market.