

Taxpayers Association of Europe (TAE)

Overcoming the Corona Crisis

Approaches and Suggestions

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Every day there are new reports, updates and information on the corona crisis.

The consequences and limitations of this crisis are the most serious we have experienced since the Second World War. Not only does the corona virus pose a danger to life and limb, it also destroys and threatens the subsistence of many people and companies.

It is necessary to keep the damage to society as low as possible. It is quite clear that everything must now be done to protect the population and at the same time help the people and companies affected by this crisis. Now the countries and the EU have a responsibility! For it is to be feared that the effects of the crisis will continue to be felt for a long time to come. Immense sums of taxpayers' money are needed to deal with it. The available resources are far from sufficient. Consequently, to meet these challenges, countries will have to take on billions of new debts and additional liabilities.

Even in the crisis, however, it is important to keep a cool head and find sustainable solutions. Public funds and resources must be used as efficiently as possible.

It is annoying that, under the pretext of managing the corona crisis, some politicians are trying to push through comprehensive changes in European financial and fiscal policy that were previously unenforceable for good reason. The European Taxpayers Association (TAE) warns strongly against debt communitisation, corona bonds, additional taxes as well as tax harmonisation (minimum tax rates), mandatory alignment of all social security systems, as well as against throwing overboard any and all inhibitions regarding the indebtedness of some EU member states.

Instead of talking about debt communitization, EU members should first take all measures in their countries to get people and businesses through the corona crisis in good shape.

It is important, even during the corona crisis, to not only think about financial aid! Especially now in the crisis, taxes and duties should be cut and bureaucracy reduced. It is now more necessary than ever to unburden people and companies. This releases purchasing power and creates optimal conditions for future growth.

With this paper, the European Taxpayers Association wants to provide food for thought and suggestions as to how one could act from the standpoint of the taxpayers in order to help quickly and sustainably and mitigate the consequences of the corona crisis.

Tax Policy and Financial Policy

- No abuse of the crisis to push things through now that were previously unenforceable for good reason. To continuously be rejected:
 - Tax harmonisation and harmonisation of social security systems
 - No euro bonds or corona bonds
- First, all available possibilities and options must be exhausted!
 - ESM with credit facilities and state liability
The ESM has a first-class rating.
 - European Investment Bank (EIB).
Both institutions provide stability in Europe.
 - ECB and its favourable refinancing conditions,
ECB has only recently set up favourable bond purchase programmes
 - Maastricht Criteria
In times of crisis this includes the possibility of suspending the Maastricht criteria or soften them temporarily
- Do not hand out monies by watering can!
Awarding of EU subsidies should be guided and focused more by and on actual need
 - Subject support instead of object support
- Declaration (of honour) by aid recipients and borrowers: the need for support is solely due to corona.
- As far as possible aid should be granted as interest free loans/credits.
Only where this is not otherwise possible, aid should be paid out as grants and direct payments.
- Relax EU lending conditions:
Up to now, banks granting for example a KfW loan in Germany for SMEs, have to deposit 10% of their own capital (EU regulation). Currently about 74% of loan applications are rejected by the banks.
- Suspension of EU tendering rules
- Targeted promotion of research and development
 - Promoting Europe as a location for research

Tax policy and Fiscal Policy

- Income tax and corporate income tax as well as trade tax, social security and other dues
 - Reduction of advance payments
 - Deferral
 - Payment by instalments
 - Extension of payment deadlines
 - Extension of deadlines for submittal of declarations
 - Abate interests on debt
 - Fast refund of taxes, e.g. motor vehicle tax for immobilised vehicles
 - Improvement of loss carry-back
- Immediate abolition of the solidarity surcharge for all
- Income tax reduction and reduction of corporate income tax
- Improvement of amortization rules
- Breaching of debt brake in Germany: Taking up or extending debt is explicitly permitted.
 - Demand: Definition of and compliance with a repayment plan
- Establishment of support funds
 - Repayment
- Takeover of liabilities
- Use and expansion of the possibility of a reduced VAT rate for services, e.g. hairdressing and catering
- Actual instead of target taxation for value added tax: The rule that value added tax must be transferred by companies when they issue invoices leads to burdens that threaten their existence in times when massive payment defaults are to be expected. Only when the customer pays and the payment is actually received should the VAT have to be paid on to the tax authorities.
- No Implementation of a wealth tax or special charges to finance the corona grants
- Creation of a debt repayment plan
- Reduction of electricity tax
- Targeted promotion of research and development

Reducing Bureaucracy

- Expansion of digital application possibilities, away from paper towards online, leading to more automation
- Suspension of the implementation of new cash registers (obligatory receipt)
- Tolerance on data reporting
- Deadline extension
- Harmonisation of deadlines for taxes and social security charges
- Suspension of national tendering rules

Labour law and data protection

- Temporary suspension or easing of working time regulations, e.g. in transports, logistics, work on Sundays and on public holidays
- Easier facilitation of home office

Inquiries

Michael JAEGER, Secretary General
Dr Horst HEITZ, Deputy Secretary General
Walter GRUPP, Director Brussels Office

Office Brussels

Avenue de la Renaissance 1
B-1000 Brussels
+32 2 740 20 38 Phone
+32 2 740 20 32 Fax
E-Mail ino@taxpayers-europe.org
Web www.taxpayers-europe.org

Office Munich

Nymphenburger Str. 118
D-80636 Munich
+49 89 126008 20 Phone
+49 89 126008 47 Fax