

Prospects for harmonisation and convergence of tax systems of the EU countries*(Scientific consultant: Doctor of Economics, Doctor of Public Administration, Professor Hrytsyshen D.O.)*

The harmonisation of tax systems among EU member states is essential for creating a unified market and economy. Differences in tax systems hinder economic convergence and integration, especially in the context of increased market competition. Harmonising EU tax policies, while considering national specificities, can address these challenges. The Treaty of Rome, which established the European Union, defines tax harmonisation as the alignment of tax strategies within the framework of integration cooperation, including policy coordination, standardisation, and partial unification of tax systems within international regional associations. This process aims to create a cohesive tax structure and a unified procedure for major tax collection across EU countries, without requiring complete unification.

The primary areas of tax harmonisation include the alignment of indirect tax collection mechanisms (such as VAT and excise duties) and the unification of corporate taxation. The harmonisation of VAT has been particularly significant, transitioning through various stages to enhance trade transparency within the EU. Key legislation, including the VAT Directive (2006/112/EC), has established a standardised framework for VAT collection, based on the principle of destination-based taxation. Efforts to modernise the VAT system continue, with initiatives like «VAT in the Digital Age» aimed at improving compliance and reducing fraud.

Excise taxes within the EU have also been unified, with measures to standardise and simplify the processes for excisable goods. The general provisions for excise duties are outlined in Council Directive (EU) 2020/262, which includes digitised supervision of goods movement and harmonised customs procedures. Specific directives address the taxation of alcoholic beverages, tobacco products, and oil, setting minimum excise rates and allowing for national variations where necessary.

Keywords: tax harmonisation; EU tax policy; value added tax (VAT); excise duties, corporate taxation; European Green Deal; tax compliance; VAT Directive; tax fraud; climate neutrality.

JEL Classification: H20, H71, H72, H87.

1. Introduction. Harmonisation of the tax systems of the EU countries is a key condition for the formation of a single market and a single economy. Differences in tax systems impede convergence and economic integration, especially against the backdrop of increased market competition. These problems can be solved by harmonising the EU tax policy, taking into account the national peculiarities of the member states. The Treaty of Rome establishing the European Union stipulates that tax harmonisation is a process of harmonisation of tax strategies within the framework of integration cooperation, including coordination of tax policy, standardisation and partial unification of tax systems within international regional associations. It is aimed at creating a harmonious structure of tax systems and a single procedure for collecting major taxes in the EU countries and does not require their complete unification. In the course of the European Union's development, several key principles of tax harmonisation have been formulated: harmonisation of legal regulation, synchronisation in the adoption of harmonised legislation, sequence of harmonisation stages and priority of international agreements over national laws of the member states.

2. Literature review. The issue of development of tax systems and tax accounting is not new in the scientific literature. Among foreign researchers, attention is drawn to the work of J.Keynes, J.Arnold, R.Teaser, G.Hodgson, I.Wairedu, A.Osei Agemanga, S.Agbadzidah, K.Tiwari, M.Khan et al. Among the Ukrainian researchers, aspects of the formation and functioning of tax systems, as well as features of tax accounting in the conditions of digitalisation of the economy were studied by V.Bodrov, N.Syniutka, N.Hlebova, O.Harkushenko, O.Hryhoriev, N.Petryshyn, A.Todoshchuk, O.Shapovalova, T.Medynska, N.Nohinova, V.Pukhalskyi, etc. Systematic and structural analysis of taxation in the EU countries was carried out by A.Vorontsova, Yu.Demkiv, M.Martyshko, L.Zakharkina, V.Novikova, K.Kanonishena-Kovalenko, T.Ovodenko etc. Despite the significant amount of research of the functioning of tax systems and the implementation of tax accounting in the EU, the issue of improving taxation systems and introducing new tax accounting tools in the EU countries that meet the requirements of digitalisation of the economy and globalisation of financial flows is currently being actualised.

3. Identification of previously unresolved issues and formulation of hypotheses research. Despite efforts at harmonisation, significant differences in tax rates (e.g., VAT, excise taxes) among EU member states remain,

which can lead to competitive imbalances and tax evasion. High levels of VAT fraud and non-compliance persist, particularly in cross-border transactions, highlighting the need for more effective enforcement mechanisms. Existing tax frameworks may not fully accommodate the complexities and nuances of the digital economy, resulting in gaps and inefficiencies. The harmonisation of tax policies to support environmental sustainability and the goals of the European Green Deal requires further development and implementation. Balancing the need for tax harmonisation with the preservation of member states' fiscal sovereignty continues to be a challenge.

Enhancing digital tools and technologies for tax administration will significantly reduce VAT fraud and improve compliance in cross-border transactions. The harmonisation of environmental taxes, aligned with the European Green Deal, will lead to more effective climate action and sustainable economic growth within the EU. A unified approach to taxing the digital economy will address current gaps and ensure a fair and efficient tax system that supports innovation and economic integration. Balancing tax harmonisation with respect for national fiscal policies will result in a more cohesive yet flexible EU tax framework, accommodating both integration and member state sovereignty. Streamlining the harmonisation process for indirect taxes (such as VAT and excise taxes) will reduce competitive disparities and support a more level playing field for businesses across the EU.

4. Purpose, objectives and methods of the study. The main purpose of this study is to analyze the harmonisation of tax systems within the European Union (EU) and its implications for economic integration, competitiveness, and sustainability. The study aims to identify existing challenges, explore potential solutions, and provide strategic recommendations for effective tax harmonisation.

Objectives of the Study: to examine the current state of tax harmonisation in the EU, including the key principles, legislative frameworks, and areas of focus (e.g., VAT, excise duties, corporate taxation); to identify the main challenges and barriers to effective tax harmonisation, such as differences in tax rates, compliance issues, and the impact of the digital economy; to analyze the role of tax harmonisation in supporting environmental sustainability and achieving the goals of the European Green Deal; to evaluate the effectiveness of existing tax harmonisation measures and propose new approaches to enhance their implementation and impact; to assess the balance between tax harmonisation and the preservation of member states' fiscal sovereignty, and to explore potential solutions for aligning national and EU-level tax policies.

Methods of the Study: a comprehensive review of existing literature, including academic articles, policy papers, and reports, to understand the theoretical and practical aspects of tax harmonisation in the EU; collection and analysis of quantitative data on tax rates, compliance levels, and economic indicators across EU member states to identify trends and patterns; in-depth case studies of specific EU member states to illustrate the impact of tax harmonisation measures and highlight best practices and lessons learned; conducting interviews with experts, policymakers, and stakeholders to gain insights into the challenges and opportunities of tax harmonisation from multiple perspectives; comparing the tax systems and harmonisation efforts of different regions and countries to identify commonalities, differences, and potential areas for improvement; evaluating the effectiveness of existing EU tax policies and regulations, and assessing their alignment with broader economic and sustainability goals.

This study will provide a comprehensive understanding of the current state of tax harmonisation in the EU and offer strategic recommendations for enhancing its effectiveness and impact on economic integration, competitiveness, and sustainability.

5. Presentation of the main material and scientific results. The main areas of harmonisation of national tax systems include: harmonisation of the mechanism for collecting indirect taxes (such as VAT and excise taxes), as well as unification of corporate taxation [1]. The harmonisation of indirect taxation in the EU is largely focused on value added tax. VAT was first introduced in France in 1954, and since 1967, this tax has replaced a number of other indirect taxes. The harmonisation of VAT has gone through a number of stages and was aimed at achieving transparency of trade within the EU. In 1970, a decision was made to finance the budget of the European Economic Community from the Community's own resources based on the share of VAT obtained by applying a common tax rate on a single valuation basis. The VAT Directive (2006/112/EC), adopted in 2007, unified these changes in a single legislative act. In 1985, the European Commission published a document on the completion of the internal market (COM(1985)0310), Part III of which dealt with the elimination of fiscal barriers to trade between EU member states [2].

In 1987, the European Commission proposed to change the VAT collection mechanism to the «principle of origin», according to which transactions between member states would be subject to this tax in the country of origin. In addition, the Commission proposed to establish a clearing system to redistribute VAT collected in the countries of origin to the countries of consumption. However, these proposals were not acceptable to the Member States. Since 2000, the Commission has taken steps to improve the VAT rules. The main EU legislation on VAT is currently the VAT Directive (2006/112/EC), which requires that this tax be collected in the country where the services were provided or the goods were sold [3]. The new VAT collection system was based on the principle of destination-based taxation of goods, whereby VAT is paid by the final consumer and the country in which the last delivery is made is responsible for its collection. Thus, VAT began to have a neutralising effect on international

competition: imports were taxed in the same way as domestic products, and export tax was refundable. Thus, exports of goods from the EU to third countries or between EU member states were exempt from VAT.

In 2005, the basis for unifying the rules on VAT collection in the EU was laid (Implementing Regulation (EU) No. 282/2011), according to which Member States could apply special rules to simplify the application of VAT. Regulation (EC) No. 37/2009 on administrative cooperation in the field of value added tax contributed to strengthening the fight against tax evasion related to intra-Community transactions. In order to unify VAT rates from 1 January 1993. Directive 2006/112/EC introduced a minimum standard rate of 15 %. In addition, countries could apply one or two reduced rates for certain types of goods and services, which could be as low as 5 %. Taking into account the need to modernise and update the list of goods and services eligible for reduced rates, Council Directive (EU) 2022/542 amends the application of reduced rates for specific policy purposes [4]. Currently, standard VAT rates in EU countries range from 15 to 25 % [5].

However, the development of VAT did not stop there. Already in 2022, the European Commission proposed a number of measures (called «VAT in the Digital Age») to modernise the VAT system and make it work better for businesses (in particular, by improving and expanding the single VAT registration through the Single Window), as well as to make it more resistant to fraud through digitalisation [6]. According to a Commission report, EU member states lost €61 billion in VAT revenue in 2021, or – in relative terms – 5.3 % of the total VAT tax liability, which includes tax revenues that would have been collected in case of full compliance. The lost revenue, known as the VAT compliance gap, can be directly attributed to VAT fraud related to intra-EU trade (this fraud is largely possible because 30-year-old VAT rules for cross-border trade have not been adapted to businesses in the digital age) [6].

Excise taxes were unified within the European Union in a similar way to VAT. It is worth noting that the rates and structure of excise duties differ between Member States, which affects the competitiveness of businesses in different EU countries. Significant budgetary losses associated with high excise rates have prompted countries to reconsider their strategies for their application, as residents of countries with high excise taxes often purchase excisable goods in countries with lower rates. The general provisions applicable to all goods subject to excise duty under EU law are set out in Council Directive (EU) 2020/262 [7]. The Directive includes a number of measures aimed at optimising and simplifying the processes covering the interaction of exports and imports of excisable goods. In accordance with the provisions of the Directive, the supervision of the movement of goods between Member States has been digitised, and the movement of goods is carried out by exchanging electronic messages through a computerised excise control system. The Directive also harmonises other EU excise and customs procedures.

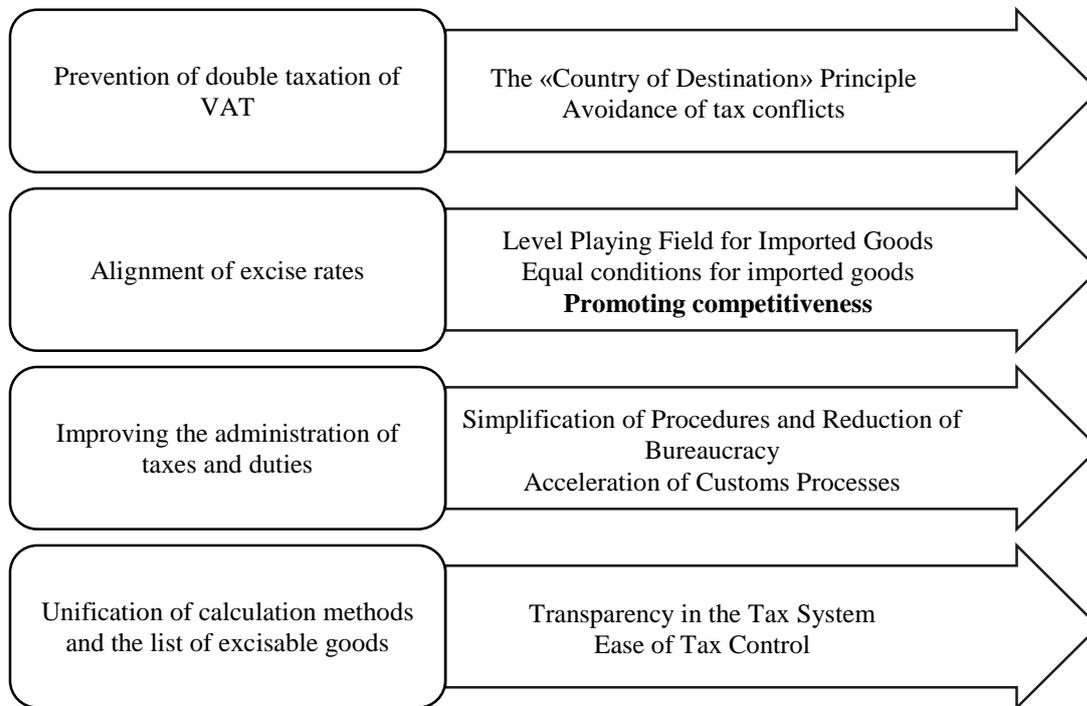
With regard to the taxation of alcoholic beverages, the EU governmental institutions have traditionally assumed that all alcoholic beverages are interchangeable and compete with each other. To define the alcoholic beverages subject to excise taxation and the methods of setting the respective rates, Directive 92/83/EEC was adopted, which set minimum excise rates for each category of alcoholic beverages and allows for reduced rates in certain regions, such as Greece, Italy and Portugal. Currently, Member States have the right to set excise rates above these minimum levels according to their national needs [8].

Regarding tobacco products, the basic structure of excise rates was consolidated in a consolidated Directive (2011/64/EU), which set minimum rates for these products and defined collection mechanisms. In particular, taxes on cigarettes must include a proportional (ad valorem) rate combined with a specific excise duty, while other tobacco products may be taxed according to ad valorem, specific or mixed excise duties [9]. Since 2020, the European Commission has been reviewing the current tobacco taxation rules to determine whether they continue to ensure the efficient functioning of the internal market and a high level of public health protection. This assessment is critical to the European Cancer Action Plan, as taxation plays a key role in reducing tobacco use, especially among young people. A preliminary impact assessment was published on 8 January 2021, in which the Commission noted that the minimum rates set by the directive no longer reflect current realities, as most Member States tax tobacco products at levels higher than these minimum rates. Many new tobacco products are also not covered by the current directive, which contributes to the abuse and cross-border purchases of these products.

The basic structure of excise duties on oil in the EU was laid down in 1992. As in the case of alcohol and tobacco, only minimum excise rates were set, which differed from the original plans that envisaged full harmonisation. An important event was the adoption of a substantially updated version of the collection of these excise taxes, as set out in Directive 2003/96/EC, as well as Directives 2004/74/EC and 2004/75/EC. Under these regulations, aviation fuel, except for private recreational flights, is exempt from excise taxation, but Member States have the option to tax aviation fuel for domestic flights and, through bilateral agreements, may also levy a tax on fuel used for intra-EU flights. In such cases, countries may apply a tax level lower than the minimum. In 2003, under Directive 2003/30/EC, measures were proposed to encourage the use of biofuels, including the possibility of applying a reduced excise duty rate to this type of fuel [10].

The latest energy taxation initiatives are related to the implementation of the European Green Deal, which is a package of policy initiatives aimed at adapting EU member states to the green transition with the ultimate goal of achieving climate neutrality by 2050. Launched by the Commission in 2019, this agreement contains proposals

aimed at aligning EU legislation with climate goals, in particular through the revision of Council Directive 2003/96/EC (Energy Taxation Directive). The revision aims to ensure better coherence with other EU policies and contribute to the achievement of medium- and long-term energy and climate goals by more accurately reflecting the environmental impacts of different energy sources and encouraging behavioural changes in consumers and businesses. The directions of harmonisation of indirect taxation in the EU are illustrated in Fig. 1.



Source: own research

Fig. 1. Directions of Indirect Tax Harmonisation in the EU

Thus, the harmonisation of indirect taxes within the European Union covers several key areas aimed at creating a more effective and fair taxation system. Firstly, it involves preventing double taxation of VAT through the application of the «country of destination» principle, which means that taxes are levied in the country to which the goods are delivered. This helps avoid situations where the same goods are taxed in multiple countries, improving economic efficiency and competitiveness for businesses. The introduction of mechanisms for taxing multinational companies helps to mitigate tax conflicts.

Secondly, an important part of the harmonisation is the alignment of excise tax rates for imported goods, which ensures a level playing field for products supplied from other countries and encourages domestic producers to improve the quality of their goods.

The third area focuses on improving tax and customs administration by simplifying procedures, reducing bureaucratic barriers, and enhancing the efficiency of customs authorities. As a result, businesses will be able to navigate customs procedures more quickly and easily.

Ultimately, harmonisation also includes the unification of calculation methods and the creation of a unified list of excisable goods, promoting transparency in the tax system and making it easier to monitor tax collection at the EU level. These measures are aimed at ensuring integrated and harmonised approaches to taxation in EU member states, which, in turn, helps achieve common economic objectives.

Harmonisation of direct taxes, particularly corporate taxation, is a crucial element of the European Union's integration policy. Its goal is to create uniform, equal conditions for all taxpayers within the EU, which, in turn, facilitates easier access to the internal market. Creating a fair and transparent business environment is a key factor in attracting foreign investment, enabling the establishment of subsidiaries and branches of multinational corporations. One of the main objectives of harmonisation is to prevent double taxation, ensuring that companies operating in multiple member states do not have to pay taxes on the same income in different jurisdictions. The introduction of comprehensive double taxation avoidance agreements between EU countries helps harmonise fiscal systems and reduce the risk of tax conflicts.

Since 1963, the OECD's Model Convention on Income and Capital Taxation has served as the primary document for negotiating, interpreting, and applying tax agreements. The convention helps reduce tax barriers to cross-border trade and investment, enhancing certainty and predictability, while also helping prevent tax evasion.

By supporting and regularly updating the Model Tax Convention, the OECD provides EU countries with a solid foundation for negotiating and implementing agreements aimed at minimizing international double taxation, thereby preventing inadvertent taxation.

An important document in the area of tax harmonisation within the EU is the Multilateral Convention to Implement Tax Treaty Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI). This international document aims to combat tax violations, particularly tax evasion and abuse of tax treaties. The main provisions of BEPS MLI include the ability to swiftly update tax treaties, allowing countries to make necessary changes to existing bilateral tax agreements without the need for re-negotiation. This is achieved through a mechanism that applies simultaneous amendments to multiple treaties.

BEPS MLI sets agreed-upon minimum standards to counter treaty abuse, including the introduction of rules that prevent the creation of artificial structures to avoid tax obligations. The convention also provides new mechanisms for resolving international tax disputes, promoting transparency and efficiency in the dispute resolution process. Other important elements include the obligation for countries to adhere to minimum standards in the fight against tax evasion, such as rules regarding the exchange of information on taxpayers and automatic data exchange mechanisms.

The impact of BEPS MLI on global taxation lies in the potential increase in tax revenues for states due to the difficulty it imposes on multinational corporations in avoiding taxes. Furthermore, with over 100 jurisdictions participating, it highlights the global cooperation efforts in tax policy, and the adopted standards can contribute to creating a unified business environment based on fair rules. BEPS MLI also reduces the administrative burden typically associated with negotiating with each country individually (Table 1) [11].

Table 1

The influence of the key provisions of the BEPS MLI on the harmonisation of tax systems

Main provisions	Contents of the provisions
Impact of the provisions on the harmonisation of tax systems	
Quick update of tax treaties	The BEPS MLI allows countries to make the necessary changes to existing bilateral tax treaties without the need for re-negotiation, which is achieved through a mechanism that allows simultaneous amendments to multiple treaties and facilitates adaptation to new standards
Eliminating gaps in tax rules	The Convention contains provisions aimed at eliminating deficiencies in existing tax treaties that could be used for tax evasion, which may include restrictions on the use of treaties that allow for the avoidance of existing taxation
Counteracting abuses in the implementation of agreements	The BEPS MLI establishes agreed minimum standards to help prevent abuse in the implementation of tax treaties
Improving dispute resolution mechanisms	The Convention provides for new mechanisms for resolving international tax disputes, which contributes to a more transparent and efficient process of resolving disputes related to the interpretation of tax treaties
Commitment to minimum standards	The countries that have signed the BEPS MLI commit to adhering to agreed minimum standards in their efforts to combat tax evasion, including rules on the provision of taxpayer information and mechanisms for automatic data exchange between states
Expected results	
Increase in tax revenues	The use of BEPS MLI can lead to an increase in tax revenues for states, as the rules introduced by the convention make it more difficult for multinationals to evade taxation
Improvement of international cooperation:	The standards adopted in the BEPS MLI can contribute to the creation of a single space for doing business based on fair rules
Reduce the administrative burden	Through a multilateral approach, countries can reduce the administrative burden usually associated with negotiating with each country individually

Source: compiled by the author based on [12]

Thus, the BEPS MLI is an important tool in the fight against tax evasion by multinational companies and abuse of tax treaties. The key efforts under this document aimed at harmonising international tax standards will ensure greater fairness in the global business environment. However, the effectiveness of the implementation of the BEPS MLI provisions largely depends on the ability of countries to maintain transparency and cooperation in the field of taxation.

With regard to the harmonisation of the EU direct tax system, proposals for the harmonisation of income tax have been discussed in the European Union for several decades, starting with the Neumark Report of 1962 and ending with current initiatives. In 1975, a directive was proposed to equalise corporate tax rates between 45–55 %. However, in 1980, the European Commission noted that attempts to harmonise income tax within European countries were not successful (COM(80)0139) and proposed to focus on measures to complete the transformation of the EU internal market. The ‘Guidelines on Corporate Tax’ published in 1990 (SEC(90)0601) presented three main proposals for harmonisation of corporate taxation: The Merger Directive (90/434/EEC, now 2009/133/EC), the Parent-Subsidiary Directive (90/435/EEC, now 2011/96/EU) and the Arbitration Procedure Convention (90/436/EEC) [13].

After numerous discussions, in 1996 the European Commission introduced a new approach to taxation, in particular the Code of Conduct on Business Taxation, which was adopted by the European Council in 1998. A Code of Conduct Group (Primarolo Group) was established to address cases of unfair taxation during this process. In 2001, an ‘analytical study of company taxation in the European Community’ (SEC(2001)1681) and the corresponding conclusions (COM(2001)0582) were prepared, which stated that companies face significant difficulties due to the need to adapt to different national regulations [13]. In 2011, the European Commission presented an initiative to introduce a common consolidated corporate tax base, according to which companies could use a single system to file tax refund requests and consolidate their profits and losses within the EU, while Member States retained the right to set their own corporate tax rates.

In 2023, the European Commission introduced a new initiative called «Business in Europe: A Framework for Income Taxation» (BEFIT). This proposal is aimed at creating a single set of corporate tax rules in the EU. The main goal of BEFIT is to reduce administrative costs for businesses operating in several member states and to simplify the process of determining tax liabilities for national tax authorities. The BEFIT proposal replaces previous initiatives and will enter into force on 1 July 2028. This comprehensive programme of measures demonstrates the EU's efforts to harmonise corporate taxation and combat tax evasion.

An important aspect of harmonisation is the creation of efficient taxation systems that contribute to the economic development of EU member states. Effective taxation reduces the tax burden on businesses and encourages investment in the manufacturing sector. It is worth noting that creating a healthy tax environment also includes reducing tax privileges, which, as the experience of EU countries shows, has a positive impact on business competitiveness. During the financial crisis of 2008, many countries, including the European Union, focused on combating tax evasion and ensuring fair taxation of companies. One of the key approaches to achieving this goal was to increase the transparency of tax practices. In March 2015, the European Commission presented the Tax Transparency Package, which included a Council Directive on the automatic exchange of information on tax rulings between Member States (Directive (EU) 2015/2376) and an anti-avoidance initiative [14].

In 2015, an action programme was also developed to create a fair and efficient corporate tax system in the EU, which included tax reforms to combat tax abuse, ensure stable public revenues and improve the business environment within the internal market. In 2016, a number of measures were developed to combat tax evasion, including the Anti-Tax Avoidance Directive (ATAD) [14]. In December 2021, the Commission presented ATAD 3 or the Unshell Directive, which contained rules to prevent the abuse of shell companies for tax purposes. This directive is still under discussion in the Council, although the European Parliament adopted a favourable opinion in January 2023. On the issue of transparency, an amendment to Directive 2013/34/EU on the disclosure of information relating to income tax by multinational enterprises and branches was adopted in November 2021, which obliges these companies to publish certain information provided to tax authorities [15].

To improve the exchange of information, the Administrative Cooperation Directive (DAC) was adopted in 2011. This directive has been amended several times in recent years, with the most recent amendment (DAC 8) being introduced in 2023 to regulate the exchange of information on crypto assets and electronic money. Earlier, in March 2021, DAC 7 was adopted, which obliged Member States to automatically exchange information on revenues generated by sellers on digital platforms. DAC 6, adopted in May 2018, required intermediaries, such as consultants and lawyers, to report certain tax treaties to local tax authorities for the purpose of automatic exchange of information within the EU.

Another important aspect of harmonisation is the simplification of tax procedures for small and medium-sized businesses (SMEs). Simplified reporting and reduced administrative barriers provide easier access to the market and promote entrepreneurship, which is the driving force behind the EU economy. Studies show that reducing the tax burden and simplifying procedures can significantly increase investment activity in the SME sector (Table 2) [16].

Table 2

Key aspects of simplifying tax procedures for SMEs

Criteria	Content
Reduction of administrative barriers	
Simplified reporting	SMEs face a large investment of time and resources in fulfilling their tax obligations. Simplifying reporting, for example by introducing a single reporting format, can greatly facilitate this process. The use of modern technologies, such as electronic reporting, can also reduce paperwork and improve control over tax liabilities
Reducing reporting requirements	Reducing the number of documents required to be submitted or simplifying accounting standards can make it much easier for SMEs to do business and increase their competitiveness in the market, as easier accounting and reporting requirements allow them to respond more quickly to changes in the market environment
Tax benefits and rebates	
Targeted tax benefits	The introduction of targeted tax incentives for SMEs can stimulate investment in development, innovation and new technologies. For example, subsidies for research and development can encourage small businesses to invest in innovation
Preferential tax rates	Preferential tax rates for new companies help start-ups reduce start-up costs and enter the market with fewer risks
Benefits for the EU economy	
Improving access to financial resources	Simplified tax procedures can make SMEs more attractive to investors and financial institutions. A clear and competitive tax system would make it easier for businesses to obtain loans and investments
Positive impact on investment activity	Reducing the tax burden and simplifying procedures can significantly increase investment activity in the SME sector, which can stimulate not only domestic investment but also attract foreign investment, which is an important factor for economic growth
Employment growth	Supporting and developing SMEs helps to create new jobs, which in turn helps to reduce unemployment
Innovations and competition	The simplification of tax procedures encourages innovation in business, as SMEs have more opportunities to invest in new technologies and products
Economic resilience	A strong SME sector builds a resilient and adaptable economy through the diversity of businesses in different sectors

Source: compiled by the author based on [16]

The harmonisation of personal income taxation in the European Union is a complex process aimed at establishing common principles and rules of taxation to ensure fairness, efficiency and transparency in the taxation systems of the Member States. However, it should be noted that full harmonisation of personal income taxation has not been achieved due to the diversity of national taxation systems and the historical and cultural characteristics of the member states. The basic principle of the EU is to ensure the free movement of persons, so it is important that member states maintain a fair taxation of individuals moving between countries. This refers to the problem of double taxation, where the same person can be taxed in several countries at the same time. To prevent tax evasion, the EU has introduced several directives, such as Directive 2011/16/EU on administrative cooperation, which allows members to automatically exchange information on personal income and bank accounts. It aims to improve cooperation between EU member states in tax matters, especially in the context of increasing globalisation. The document repeals the previous Directive 77/799/EEC, introducing clearer rules for the exchange of information to improve the effectiveness of the fight against tax fraud and tax evasion. In addition, the directive provides for automatic exchange of information, voluntary and spontaneous requests, which allows states to more effectively monitor tax liabilities [9].

The EU is introducing measures to combat tax evasion, in particular by improving reporting standards and increasing transparency in financial transactions. For example, the BEPS (Base Erosion and Profit Shifting) programme offers recommendations to prevent abuse of taxation systems. The BEPS project was developed within the framework of the Organisation for Economic Co-operation and Development (OECD) with the active support of the G20 countries. The main goal of this project is to promote international cooperation to combat the above-mentioned schemes, as well as to develop a set of recommendations for national governments to be implemented in their legislation.

The foundations of the BEPS project were laid in 2012, and in 2013, the OECD presented its first report on the issue and proposed the «Action Plan on Base Erosion and Profit Shifting», or the BEPS Plan, for short. The BEPS Plan consists of 15 points, each of which sets out a separate tax problem and proposed solutions to address

it, which should be implemented in national legislation and international agreements. In October 2015, the OECD completed the final development of all the points of the Plan and submitted the final report approved at the G20 Summit in Turkey in November 2015. It is worth noting that the BEPS Plan is open to countries not only from among the OECD and G20 members, but also to countries from other regions, which were invited to join the 'inclusive group for the implementation of the BEPS Plan' [5]. The harmonisation of direct taxes in the EU is a key tool for creating a single economic space that provides equal opportunities for all taxpayers. It helps to avoid tax conflicts, reduces opportunities for tax evasion, stimulates investment activity and ensures a fair tax environment for businesses. Prospects for harmonisation of tax systems in the EU may include the following areas.

The implementation of the key principles of the Organisation for Economic Co-operation and Development (OECD) into national legislation in the EU is an important process to ensure consistency and transparency of tax systems. The main goal of this process is to harmonise tax rules and policies with international standards, which contributes to a fair and stable tax environment. One of the main principles of the OECD is the so-called 'arm's length principle', which stipulates that transactions between related parties should be on terms that would be accepted between independent parties. Many EU countries have implemented this principle in their legislation, which allows avoiding artificial overstatement or understatement of tax bases [16].

6. Conclusion. In addition, the OECD has developed transfer pricing principles that have become the basis for national rules in many EU countries. They are aimed at preventing price manipulation in transactions between related companies, which can lead to a reduction in tax revenues. Another important principle is country-by-country reporting (CbCR), which requires multinational companies to disclose information about their income, taxes and activities in each country where they operate. This approach allows tax authorities to better understand the activities of multinationals and identify potential tax evasion.

In turn, BEPS includes a number of recommendations aimed at preventing tax evasion through the use of international accounting schemes. Almost all EU countries have already adopted these recommendations as part of their national legislation [16]. The implementation of the OECD's key principles in the national legislation of the EU countries contributes to the transparency, fairness and stability of tax systems, which allows for a more effective fight against tax evasion and ensures a fair distribution of tax revenues between countries. The harmonisation of tax rules with international OECD standards is an important step towards creating a single economic space within the EU.

It is worth noting that despite the positive aspects, there are significant challenges to harmonising the tax systems of EU countries. The diversity of tax systems and cultural and economic differences between countries may make it difficult to reach consensus on common rules. Countries with low tax rates may be less inclined to harmonise, as this may threaten their competitive position. In addition, harmonisation of tax systems may lead to a loss of autonomy of member states in formulating their own tax policy, which is an important tool for regulating economic development. Political differences and national interests may create additional obstacles to the harmonisation of common approaches. Finally, the complexity of the harmonisation process requires significant resources and time to achieve effective results, as well as political will and trust among member states to implement joint initiatives.

Thus, it is established that the harmonisation and convergence of the tax systems of the European Union countries are critical to ensuring their economic stability and increasing competitiveness. It is proved that harmonisation removes barriers to the free movement of goods, services, capital and labour, promotes fair distribution of tax revenues, reduces administrative costs for business and prevents tax competition between member states. It is substantiated that this process not only reduces opportunities for tax evasion, but also stimulates economic development by creating a single integrated market. In addition, the harmonisation of tax systems can help reduce inequality between member states, ensuring more balanced economic growth. Successful implementation of tax harmonisation initiatives will require the active participation of all member states, as well as a willingness to compromise and joint efforts to combat tax abuse. Given the complexity and diversity of the member states' economies, the harmonisation process is a lengthy one, but its results could significantly improve the overall economic situation in the EU.

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Ісламлі Джейхун

Перспективи гармонізації та конвергенції податкових систем країн ЄС

Гармонізація податкових систем між державами-членами ЄС є важливою для створення єдиного ринку та економіки. Відмінності в податкових системах перешкоджають економічній конвергенції та інтеграції, особливо в контексті посилення ринкової конкуренції. Гармонізація податкової політики ЄС з урахуванням національних особливостей може вирішити ці проблеми. Римська угода, що заснувала Європейський Союз, визначає податкову гармонізацію як узгодження податкових стратегій у межах інтеграційного співробітництва, враховуючи координацію політики, стандартизацію та часткову уніфікацію податкових систем у міжнародних регіональних об'єднаннях. Цей процес спрямований на створення єдиної податкової структури та уніфікованої процедури збору основних податків у країнах ЄС, не вимагаючи повної уніфікації.

Основні напрями податкової гармонізації містять узгодження механізмів стягнення непрямих податків (таких як ПДВ та акцизи) та уніфікацію корпоративного оподаткування. Гармонізація ПДВ була особливо важливою, проходила через різні етапи для підвищення прозорості торгівлі в ЄС. Ключове законодавство, враховуючи Директиву про ПДВ (2006/112/ЄС), встановило стандартизовану систему збору ПДВ на основі принципу оподаткування за місцем призначення. Зусилля щодо модернізації системи ПДВ тривають із такими ініціативами, як «ПДВ в епоху цифрових технологій», спрямованими на покращення відповідності та зменшення шахрайства.

Акцизи в ЄС також були уніфіковані із заходами щодо стандартизації та спрощення процесів для підакцизних товарів. Загальні положення щодо акцизних зборів викладені в Директиві Ради (ЄС) 2020/262, яка включає оцифрований нагляд за рухом товарів і гармонізовані митні процедури. Спеціальні директиви стосуються оподаткування алкогольних напоїв, тютюнових виробів і нафти, встановлюючи мінімальні акцизні ставки та допускаючи національні варіації, якщо необхідно.

Ключові слова: податкова гармонізація; податкова політика ЄС; податок на додану вартість (ПДВ); акцизні збори; корпоративне оподаткування; Європейська зелена угода; дотримання податків; Директива ПДВ; податкове шахрайство; кліматична нейтральність.

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Наукові інтереси:

– податкова система Європейського Союзу.

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