Glossary of summaries

TAX HARMONISATION
Specific provisions regarding taxation are laid down in Articles 110 to 113 of the Treaty on the Functioning of the EU (TFEU). The main focus of EU tax policy is the smooth operation of its single market, i.e. to ensure that individuals and businesses do not have to face obstacles relating to cross-border economic activity.

Tax measures at the level of the EU can also be adopted to support the environmental and energy policies (Articles 192 and 194 respectively of the TFEU).

The European Commission does not consider that across-the-board harmonisation of EU countries’ tax systems is necessary to the extent that the establishment and functioning of the internal market is not hampered; countries should be able to choose what they consider to be the most appropriate system for themselves.

According to the principle of subsidiarity, there should only be action at EU level where action at individual country level does not yield an effective solution, but can be better achieved at EU level.

EU harmonisation efforts predominantly focus on legislation on taxes levied on goods and services (indirect taxes, such as value-added tax (VAT), excise duties levied on energy products, electricity, alcohol and manufactured tobacco) rather than taxes on incomes or profits (direct taxes).

SEE ALSO
- Customs union
- Economic and Monetary Union (EMU)
- Taxation
- EU Tax Policy Strategy on the European Commission’s website