Dear Member of the European Parliament,

We are reaching out ahead of the Commissioners-designate hearings to ask you to raise specific questions and **push for commitments on EU own resources and taxation initiatives**. The following Vice-President and Commissioner designates will have responsibilities covering directly and indirectly tax issues: **Teresa Ribera Rodríguez** (Clean, Just and Competitive Transition with an overview on tax initiatives), **Wopke Hoekstra** (Climate, Net Zero and Clean Growth with tax under his remit), **Valdis Dombrovskis** (Economy and Productivity; Implementation and Simplification), **Piotr Serafin** (Budget, Anti-Fraud and Public Administration) and **Glenn Micallef** (Intergenerational Fairness, Youth, Culture and Sport).

The European Union faces a significant investment crisis. In his landmark report on competitiveness, Mario Draghi called for significantly more public and private investment, urging the EU to invest an additional €800 billion per year to address declining productivity and competitiveness. He stressed that the EU must match post-World War II investment levels, warning that Europe risks compromising its welfare, environment and global standard without this unprecedented boost in public and private spending.

Much of these investments are **required to meet agreed green and social objectives**. The EU requires roughly €236 billion in additional public investments a year to meet EU climate goals[1] and €192 billion in additional public investments a year to meet social objectives[2]. Despite these critical needs, the EU's current fiscal rules allow only three member states to meet both their social and green investment requirements[3].

The risk is that EU countries fail to meet their **global commitments** and may resort to **austerity policies**, which affect the most vulnerable and young people the most.

New tax revenues, either nationally or at EU level, are required to meet our objectives to **build stronger, more resilient and sustainable economies and societies**. We therefore suggest the following questions for the hearings, and remain fully available would you wish to discuss these crucial issues in more depth.

- In August this year, the UN adopted a draft Terms of Reference for a new UN Framework Convention on International Tax Cooperation that aims to promote a fairer and more effective global tax system. EU countries could gain hundreds of billions of additional tax revenues and the ToR includes topics that are important to Europeans, such as the taxation of the digital economy and of High-Net-Wealth Individuals. However, in the UN vote concerning the adoption, EU countries abstained. **How do you believe the EU should position itself in these negotiations going forward and do you think a UN Tax Convention can help to solve the problems within the international tax system?**

- Wealth concentration at the top has reached unprecedented levels. In 2022, the wealthiest 1% held a quarter of the net personal wealth in the EU, compared with 3.2% of wealth owned by the bottom 50%. Moreover, younger generations face significant barriers to wealth accumulation due to rising housing costs, student debt, and precarious employment. Interest in taxing the super-rich is growing at national, regional, and global levels. For the first time in history, in July 2024, the G20 finance ministers agreed to cooperate on taxing the ultra-rich and ahead of the G20 meeting, several organisations presented a petition with over 1.5 million signatures worldwide calling to tax the ultra-wealthy. More than 300.000 signatures come from the European Citizens Initiative for a European wealth tax, collected since October 2023. **Will you encourage the introduction of wealth taxes in EU countries and at the global level, for example supporting the new G20 agenda on taxing**

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[1] Bridging the Green Investment Gap | Institut Rousseau
[2] 52020SC0098 - EN - EUR-Lex
[3] Navigating Constraints for Progress: Examining the Impact of EU Fiscal Rules on Social and Green Investments | ETUC

the super-rich and the taxation of high-net-worth individuals as a priority for the new UN Tax Convention?

- Fossil fuel companies have made windfall profits in the last years and are among the most responsible for pollution. In the 12 months leading to July 2023, the 14 biggest fossil fuel companies collectively made US$278 billion in net profits, up by 278% compared to the previous period. A tax or levy on the profit of fossil fuel companies could address market distortions and incentivise investments in the green transition. **Do you commit to producing in the first 100 days of the new European Commission a study about the options available for a tax or levy on the fossil fuel industry's excess profits, their expected return, and how to ensure the cost is not passed on to households and companies?**

- In its Annual Tax Report 2024, the European Commission highlighted that "Revenue losses due to corporate profit shifting… are estimated to be worth up to 20% of all corporate income tax revenues collected in 2022 in the EU which would amount to about EUR 100 billion in nominal terms." **What initiatives beyond the existing/carried forward ones, will you take to address this problem?**

- An upcoming analysis by Stay Grounded and the New Economics Foundation shows that in Western Europe the highest-income households (> €100,000 per year) are at least six times more likely to take frequent flights per year than those on the lowest incomes (< €20,000 per year). A frequent flyer levy on top of a kerosene tax would target frequent flying, whilst not affecting the vast majority of people. **Have you considered this policy to ensure those that fly the most pay for their pollution, whilst allowing everyone to benefit from a return flight without increased charges and to raise necessary revenues for the transition?**

- The idea of a Financial Transaction Tax (FTT) is among the options discussed by the European Commission for raising new own resources. Estimates of the revenue-raising potential of an EU-wide FTT vary depending on the tax design proposed. According to academic research, targeting shares (excluding intraday transactions), could raise between €17-29 billion annually, depending on a nominal rate of either 0.3 or 0.5%. If intraday taxes were included, the revenues could rise to €43 billion. In 2011, the European Commission released its own estimates on the Union-wide revenues that could be raised through an FTT. According to a 2023 update of the European Commission's tax design proposal, replicating the same methodology with more recent figures, an FTT taxing both securities and derivatives could generate from €33.8 billion to €300 billion annually depending on the headline tax rates on securities and derivatives respectively. In either case, the tax would be applied at such a low level that it would not affect the functioning of markets, or adversely impact citizens. **In light of the revenue-raising potential and socially progressive feature of a Financial Transaction Tax, do you consider tabling a new legislative proposal to establish an EU-wide FTT?**

This letter was drafted and endorsed by [the Fiscal Matters coalition] and the following European NGOs:

- Climate Action Network (CAN) Europe
- European Anti-Poverty Network (EAPN)
- European Federation of Public Service Unions (EPSU)
- European Environmental Bureau (EEB)
- European Youth Forum
- Foundation for the Economics of Sustainability (Fesata)
- New Economics Foundation
- Oxfam International - EU Office
- Social Platform

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