CURRENT CHALLENGE IN FIGTHTING AGAINST TAX AVOIDANCE IN THE EUROPEAN UNION: LINK BETWEEN SUSTAINABILITY AND TAXATION

Éva ERDŐS*

ABSTRACT: *The main question is there being sustainable taxation? What is the link between sustainability and tax avoidance? What can tax policy do to ensure sustainable taxation in times of pandemic and economic crises? How can connect the fair and simpler taxation with tax avoidance? In this study I analyse the Commission's Communications on the link between sustainability and tax avoidance in the light of the European Recovery Plan. The main objective in the context of the pandemic is to address the double challenge of increasing public revenue to achieve a rapid economic recovery by reducing tax evasion. The Commission aims to lead this transition into a greener and more digital world that is compatible with the principles of the social market economy. Fair efficient and sustainable taxation is central to reaching on this goals: everyone from natural persons to corporations need to pay their fair share of public burden. The commission adopted the Recovery Plan in which there are measures leading to reach the results. Most important goal to building the future of our children and grandchildren by present taxation. In my study, I examine the path and legal instruments to achieve this, drawing conclusions.*

KEYWORDS: *sustainable taxation, fight against tax avoidance, Commission Action Plan, Recovery Plan*
JEL Code: *K34*

1. INTRODUCTION – BACKGROUND

The latest trends in European tax policy focus on the harmonisation of corporate tax, digital service tax and the fight against digital tax avoidance, which has emerged with the spread of digitalisation. European tax harmonisation started with the approximation of indirect taxes, VAT, and only from the years 1990s, the harmonisation of direct taxes - business taxes - started much later and more slowly than the harmonisation of indirect taxes. Although the Council of the European Union has successfully adopted directives on corporate taxation by unanimous vote, such as the Parent-Subsidiary Directive or the Merger Directive[1], and the ECOFIN Council established a common framework for the

* Éva ERDŐS PhD. associate professor, Head of Department, Faculty of Law and Political Sciences, University of Miskolc, Department of Financial Law, HUNGARY.

taxation of companies in 1997, the EU has not yet achieved the same level of harmonisation, like the indirect taxes. In December 1997, the ECOFIN Council adopted the Code of Conduct for Business Taxation[2] combating against the harmful tax practices such as offshore activities, positive tax discrimination against foreign investors, or preferential tax regimes that apply excessive and selective tax advantages. With increasing of digitalisation, new tax avoidance techniques have emerged, which are being combated both by international tax law and by the European Union. It is enough to think that digital giants such as the GAFA group[3] often pay far less tax due to the lack of a real physical presence and the use and implementation of harmful and aggressive tax avoidance techniques, notably thanks for the offshore locations and for the preferential tax regime. In the international tax law, the OECD is tackling tax evasion trends with the BEPS Action Plan and the Global Minimum Tax[4], and the European Union is following international tax trends by proposing a directive on the digital services tax and a directive proposal on the Global minimum tax. Both proposals for harmonisation have accelerated, Commission Communications are being adopted in rapid succession and the two-pillars global minimum tax adopted by over than 135 OECD countries is a major achievement in the fight against tax avoidance.

Although taxation is a matter of sovereignty in the EU Member States and taxation is primarily in a national competence, the EU can use its own instruments to intervene in the harmonisation process, in accordance with the principle of subsidiarity, if it considers that this would achieve results that are more in line with EU objectives. The fight against tax

[1] Council Directive 90/435/EEC (23 July 1990) and Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States and Directive 2014/86/EU of 8 July 2014 amending Directive 2011/96/EU. The Directive aims to exempt dividends and profit distributions paid by subsidiaries to parent companies from withholding tax and to eliminate double taxation of such income at the level of the parent company. Directive 90/434/EEC, which was replaced by the Council Directive 2009/133/EC on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares concerning companies of different Member States and to the transfer of the registered office of an European Company or a European Cooperative Society between Member States. . OJ L 345, 29.12.2011 and OJ L 219, 25.7.2014; OJ L 310, 25.11.2009, p. 1.

[2] ECOFIN Council: Code of Conduct on Business Taxation, 1 December 1997, Celex No. 398Y0106 (01) (www.europa.eu.int) (15.09.2022.)

[3] Google, Apple, Facebook, Amazon(GAFA) Group, multinational digital companies

[4] In October 2021, over 135 jurisdiction joined a plan to update key elements of the international tax system fitting for the purpose in a globalised and digitalised economy. The Global Anti-Base Erosion Rules (GloBE) ensure large multinational enterprise pay a minimum level of tax (15%) on the income arising in each of the jurisdictions where they operate. The GloBE Rules provide for a coordinated system of taxation that imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis, is below the minimum rate. https://www.oecd.org/tax/beps/tax-challenges-arising-from-the-digitalisation-of-the-economy-global-anti-base-erosion-model-rules-pillar-two.htm (15.09.2022)

OECD G/20 Base Erosion and Profit Shifting Project, Tax Challenges Arising from Digitalisation of the Economy, Global Anti- Base Erosion Model Rules (Pillar Two), Published: 20 December 2021, pp.1-70. https://www.oecd.org/tax/beps/tax-challenges-arising-from-the-digitalisation-of-the-economy-global-anti-base-erosion-model-rules-pillar-two.pdf (02.10.2022) Deloitte, Póczak Ferenc- Bella Márió: Megjelentek az új társasági globális minimumadó szabályai, https://www2.deloitte.com/hu/hu/pages/ado/cikkek/globalis-tarsasagi-minimumado.html (20-12-2021) avoidance is certainly in this category, as joint action can achieve greater results, such as the international adoption of the global minimum tax with more than 135 countries.

At the same time, the EU institutions are also facing new challenges and new trends have emerged in relation to sustainability, sustainable development, economic growth and the recovery from the economic crisis caused by the pandemic of the COVID 19 coronavirus, and the Ukraine and Russian war.

Fight against tax evasion and avoidance is therefore undoubtedly a major thrust of both international taxation and EU tax policy, but what is the relationship between sustainability and tax avoidance? Is there, and if so, what is the link between sustainable development and taxation and tax avoidance? Is tax avoidance sustainable and is there a link between sustainability and tax avoidance? What can tax policy do for sustainability in the fight against tax avoidance in a pandemic period? In my study, I am searching answers to these questions, highlighting some of the solutions proposed by the European Commission. I will focus on the connection between sustainability and tax evasion by taking stock of the European tax law instruments that can help to rebuild the crisis despite the pandemic, thus contributing to the fight against tax evasion in the European Union. Fair, efficient and sustainable taxation is central towards a greener and more digital world which is compatible with the principles of the social market economy. Fighting against tax avoidance and harmful tax practices is an important measure ensuring that everyone bears fair share of the public burden. The resulting of the fair and simple taxation will increase in tax revenues and it could increase the Member States resources to respond to support of the recovery plan.

2. SUSTAINABILITY AND TAXATION, THE LINK BETWEEN SUSTAINABILITY AND TAX AVOIDANCE

Sustainability and tax avoidance are two concepts that are far apart, with opposite objectives and opposite interests, yet there is a link between them. This was highlighted by the pandemic caused by COVID 19 and the resulting economic crisis. Tax evasion is in no way sustainable, and the continued maintenance and growth of tax evasion is causing billions of euros in deficits in Member States' budgets. Indeed, with the development of digital economy, we are confronted every day with the wonders of digitalism and enjoy all its benefits, using digital social spaces, digital media, shopping online, watching films online, but we wonder less whether digital companies that operate across borders and around the world pay taxes in the countries where they operate and where their revenues come from. As taxation and tax residence have so far been linked primarily to the physical presence of the business, and digital firms have no real presence in the countries where they operate, profits of digital firms are not taxed in the country where they are actually generated. Adding to the problem is the aggressive tax planning technique that, if digital firms are taxed, they are taxed only minimally, either offshore or in locations where preferential tax regimes protect foreign taxpayers. All of this subverts the principle of fair, equitable, transparent and equitable taxation and represents a huge fiscal drain for all countries where these digital companies do not pay tax on their revenues and profits because they are not physically present. We can therefore conclude that tax evasion is in no way sustainable and cannot serve sustainable development.

2.1. The concept and interpretation of Sustainable Development

First of all to derive the existence of the link between taxation and sustainability, let us first look at the concept of sustainability. The definition of sustainability and sustainable development is already set out in Hungary's Fundamental Law. Economic development is not yet included in this concept, but the requirements of the principle of balanced, sustainable and transparent management of the budget are already reflected in the Fundamental Law (László DOMOKOS - Gyula PULAY, 2020); [5].

Another concept of sustainable development is the Brundtland Report, adopted by the United Nations in 1987, which states that "sustainable development is development that meets the needs of present generations without compromising the ability of future generations to meet their own needs."[6] Sustainable development must maintain the capacity of the natural systems and resources on which nature and society are based. The other factor that it should combat is the degradation of the environment, but it must do so without abandoning the need for economic development or social equality and justice. In this definition we see three elements of the model:

- social development,
- environmental protection and
- economic development.

In the article by Domokos and Pulay (László DOMOKOS - Gyula PULAY, 2020), they explain that this formulation is timeless, it can be transcended and nuanced, but the timelessness of the definition lies primarily in its value, and includes the fact that the Brundtland report already formulated the threefold aspect of sustainability:

- infinite growth cannot be imagined in a finite world,
- the existing economic model is subject to physical and ecological limits,
- all inhabitants of the Earth have the right to live in dignified living conditions. (László DOMOKOS - Gyula PULAY, 2020)

In addition to the above mentioned definition, the concept of sustainability must necessarily be complemented by the concept of well-being, the fulfilment of the element of common good. This can be read in more detail in the National Framework Strategy for Sustainable Development for the period 2012-2024 adopted by the Hungarian Parliament in its resolution 18/2013 (28.III.): “the generation that creates its own well-being at a given moment in time does not exhaust its resources, but preserves and expands them in sufficient quantity and quality for future generations” (NFFK 2012-2024. p. 6). It can be seen that the definition of the Framework Strategy is in line with the Brundtland Report's definition, but it expands the Brundtland Report (László DOMOKOS - Gyula PULAY, 2020).

Other authors, such as Gyula Bándi professor, approached the question of what we mean by sustainable development and sustainability primarily from the perspective of environmental law. In his work 'On the Law of Sustainable Development', Bándi (BÁNDI, 2013) highlighted on the one hand, that sustainable development must be distinguished from the concept of sustainability, and on the other hand, he emphasises that of the

[5] Fundamental Law of Hungary, 25 April 2011, National Creed. Fundamental Law, Article N. "Hungary shall apply the principle of balanced, transparent and sustainable fiscal management."

[6] Wikipedia, Brundtland Report WCED 1987, https://hu.wikipedia.org/wiki/Fenntarthat%C3%B3_fejl%C5%91d %C3%A9s (downloaded 21 December 2021)

numerous variants of the concepts, it is the objectives that are most important: ”The legal content of sustainability and/or sustainable development is therefore hardly definable in itself, at best it can only be approximated, even in a limited way.” (BÁNDI, 2013) “And the concept is not a static concept, it changes over time.” (BARRAL, 2012) So if we want to systematise the concept of sustainability and sustainable development, we should highlight the elements that are directly relevant to sustainability, that are essential for sustainable development, such as: equity for future generations, protection of future generations, social participation, cooperation, cooperative means, integration, subsidiarity, and “resilience is the capacity of the system as a whole and its parts to anticipate, adapt to and recover from the effects of disturbing phenomena, in a timely and effective manner, while preserving, restoring or improving its basic system and essential functions. (BÁNDI, 2013), (SZABÓ, 2011).

2.2. Sustainable taxation – What is the connection?

It is clear from the concepts that sustainable development must go hand in hand with economic growth, but it cannot be reduced in any way to growth alone, because, just as human growth is finite, so economic growth has also a limit, economic growth is finite and has to stop somewhere.

As can be seen from the different concepts, economic growth is still part of sustainability in present time, and therefore we can conclude that the concept of sustainable development currently includes economic growth, which in the context of the economic crisis caused by Covid-19, and caused now the war between Ukraine and Russia, must in any case include also an increasing budget revenue. Increasing budget revenue requires adequate and increasing tax revenue, so sustainability requires economic growth, which requires tax revenue, and which must also include, also the part of it the revenue hidden in tax evasion. The link between tax evasion and sustainability is really being, and we can definitely conclude that sustainability can be ensured by reducing and eliminating tax evasion, and therefore it is very important to fight against the tax avoidance techniques and harmful tax practices that must be combated and fought against by legal means (Moldovan, 2019).

One of the conditions for sustainability, for sustainable taxation is to reduce tax avoidance, and fight against tax evasion will mean less tax avoidance, will result less revenue and profit hidden from taxation, and the combat will also result more tax revenue, more budget revenue, which can be used for sustainable development, and thus economic growth, which can be spent on sustainable green taxation, sustainable digitalism and sustainable environmental protection. The circle is thus complete, the fight against tax evasion and sustainability are closely linked, the goals and the means are complementary.

So, the circle is closed and we can conclude that as a result of the increased fight against tax evasion and harmful tax behaviour, there will decrease, tax avoidance and tax evasion will show a downward trend, and taxpayers who have not paid taxes on their economic activity at the real place of value creation and profit generation - neither in Europe nor in America - will be channelled into taxation, such as the digital tech companies. This would result in increased tax revenues, and increased tax revenues would increase the budgetary resources of Member States, thus increasing the resources needed to respond to the current economic crisis, and thus achieving the goal of greener and more digital sustainable taxation, thereby would use the surplus tax revenues from economic growth for sustainable development by eliminating tax abuse.

Reducing tax evasion is therefore the fundamental of sustainable development, and the link between sustainability and taxation can be seen in the sustainable taxation, with tackling tax abuse at its core. So fair taxation is equal with sustainability.

3. THE EUROPEAN COMMISSION'S RESPONSE TO THE ECONOMIC CRISIS CAUSED BY PANDEMIC: THE ACTION PLAN FOR FAIR AND SIMPLE TAXATION SUPPORTING THE RECOVERY STRATEGY

The economic crisis caused by the Covid 19 pandemic drove to the loss of jobs, the bankruptcy of businesses, and it has caused major economic disruption, economic crisis around the world, and the economic crisis has forced both Governments and EU institutions to take action.

In the aftermath of the pandemic caused by COVID 19, the Commission has set itself the goal of showing a way out of the crisis towards a greener and digital world, where fair, equitable, efficient and sustainable taxation is central to sustainable economic growth and to achieving the goals. The EU has defined fair taxation as the achievement of inclusive taxation, meaning that EU tax policy in the future must ensure that everyone, from individuals to companies, shares fairly in the public burden. To this end, and also for the sake of sustainability, the European Commission issued a Communication entitled "Restoring and preparing for future generations"[7], which set out the need for a new package of measures, the Action Plan, to repair the damage caused by the crisis and prepare for a better future for the next generation.

In this document, the Commission set out that will step up the fight against tax fraud and other unfair practices to ensure that solidarity and fairness are at the heart of economic recovery. Increasing tax revenues as a result could boost the resources needed by Member States to respond to the current crisis.[8]

To repair the damage caused by the crisis, the European Commission has adopted a package of crisis response measures, a three-pillar Action Plan and 3 Communications in which the Commission has set out its aim to step up the fight against tax evasion and other unfair tax practices, with a focus on reducing tax avoidance, taxing digital companies, solidarity and fairness.

Fighting against the tax fraud and tax evasion and against the harmful tax practices will result less tax evasion, and less tax evasion results more public revenues, because of spreading the public burden sharing. More public revenues could increase the Member States resources and it will be the respond to the economic crisis. This policy will drive to the answers and solutions, results fair, efficient and simple taxation, supporting a rapid economic recovery ensure sufficient public revenues and it is ensuring the sustainable world and economy to make a greener and more digital world.

[7]Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions Europe's Moment: Repair and Prepare for the Next Generation, Brussels, 27. 5. 2020. Com/2020/456 final, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2020:456:FIN

[8]Repair and Prepare for the Next Generation, Brussels, 27. 5. 2020. Com/2020/456 final

The Commission therefore wants to steer this transformation towards a greener and more digital world, compatible with the principles of the social market economy, and in which fair, efficient and sustainable taxation is central to achieving these aspirations. EU tax policy must ensure that everyone, from individuals to businesses, can share fairly in the public burden and that no one can escape taxation. At the same time, the Commission says, "EU tax policy must be designed to ensure that businesses and citizens can reap the full benefits of the single market, work and invest across borders, innovate and create jobs. This must be done while creating the right incentives to promote sustainable and climate-friendly behaviour, including sustainable investment, and ensuring that the polluter pays principle is respected."[9]

4. THE LEGAL BASIS FOR SUSTAINABLE TAXATION - THE WAY AND MEANS

The legal foundations for a sustainable, greener and more digital tax system are laid down in the following documents:

- EU Commission Communication of 27 May 2020: *Recovery Plan* to address the problems caused by COVID 19
- The Commission Communication of 15 July 2020, the *Tax Package*, in which has three pillars:

Pillar 1: Communication from the Commission to the European Parliament and the Council: A new Action Plan for fair and simple taxation supporting the Recovery Plan (the Tax Action Plan)[10]: 25 action plans for fair and simple taxation and for reducing administrative burdens in the fight against tax fraud

Pillar 2: Communication from the Commission to the EU Parliament and the Council: On Tax Good Governance in the EU and beyond[11]: Review of the Code of Conduct for Business Taxation to reduce unfair tax competition, proposals for amendments, reviewing the scope and criteria of the Code.

Pillar 3: Communication from the EU Commission amending Council Directive 2011/16/EU on administrative cooperation in the field of taxation, the DAC 7 Directive (proposal)[12] (adopted by the Council on 22 March 2021: Directive 2021/514/EU): introduction of automatic exchange of information between tax authorities to facilitate the taxation of trades on digital platforms.

The European Union's tax policy objectives on the way out of the COVID 19 crisis are greener and more digital taxation, more efficient and fairer and more equitable taxation by

[9] European Commission: Communication from the Commission to the European Parliament and the Council: An Action Plan for Fair and Simple Taxation Supporting the Recovery Strategy, Brussels, 15.7.2020. COM (2020) 312 final p. 1. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2020:0312:FIN

[10] Commission, Communication, COM:2020:0312:FIN

[11] Communication from the Commission to the European Parliament and the Council: on Tax Good Governance in the EU and beyond, COM/2020/313 final, https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2020:0313:FIN

[12] Proposal for a Council Directive amending Directive 2011/16/EU on administrative cooperation in the field of taxation, COM/2020/314 final,
https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2020%3A0314%3AFIN

extending the burden of public charges and thus creating a basis for sustainable taxation by tackling the tax burden on tax avoiders, digital tech companies.

The tools to achieve this goals are provided by the Commission's Recovery Plan and Action Plan, the Good Tax Governance in Tax Package and the draft measures set out in the Communication on the 7 DAC Directive.

4.1 The first pillar - The Commission's 15 July 2020 Tax Package: The Action Plan on Taxation

The Commission's Tax Policy Action Plan has two main objectives[13]:

a.) to support a rapid recovery by ensuring greater public support for the tax burden through a uniform tax on digital businesses that engage in tax avoidance. The aim is to tax at the point of value creation, the point of profit and revenue generation, rather than at the point of physical presence.

b.) This would contribute to an increase in budget revenue, with the tax revenue generated by the elimination of tax avoidance. Simplifying taxation would be a means to this end, as it would generate more tax revenue and make taxation more efficient.

To this end, on 15 July 2020, the Commission adopted a 25-measures Tax Policy Action Plan, which covers reform in three main areas. Firstly, administrative simplification for taxpayers, in the form of simplified registration, dispute resolution and tax returns, with a view to making taxation simpler, fairer, more transparent and better adapted to the challenges of the modern economy in the years to come. The Action Plan will help Member States to exploit the potential of data and new technologies to fight tax fraud more effectively, improve tax discipline and reduce administrative burdens.[14]

The second area of the Tax Action Plan set out a plan of action to tighten tax discipline and reduce administrative burdens in the fight against tax evasion. It also provided for a review of the EU list of non-cooperative countries and territories in the tax area. The Commission has also proposed that Member States should make financial support to EU companies conditional on the absence of links with companies or countries on the aforementioned EU list (of non-cooperative countries and territories), including a proposal to revise the Code of Conduct for Business Taxation.

Thirdly, the Tax Policy Action Plan proposes the adoption of a directive on taxation by qualified majority voting instead of unanimity in the Council, the extension and amendment of Article 116 TFEU.

4.2. The second pillar: On Tax Good Governance in the EU and beyond

The main theme of the Commission Communication on Good Governance in Tax Matters is to promote fair taxation and to reduce unfair tax competition both in the EU and internationally.

Tax evasion and tax avoidance, tax fraud are a continuing threat to public finances, with an estimated €46 billion of revenue lost to international tax evasion by individuals,

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[13] Commission, Communication, COM:2020:0312:FIN

[14] Press Release: 15 July 2020 Brussels, Fair and Simple Taxation: Commission proposes new package of measures to contribute to Europe’s recovery and growth, https://ec.europa.eu/ commission/presscorner/ detail/en/ip_20_1334 (loaded: 15_9_2022)

covering personal income tax, and wealth, inheritance taxes in 2016 [15] and €137 billion in 2017, of which more than €50 billion was from VAT and €35 billion from corporate tax evasion.[16]

In its Communication on Tax Good Governance, the Commission proposes a reform of the Code of Conduct for Business Taxation to tackle tax evasion, avoidance, including the extension of the recognition of harmful tax practices and digital tax avoidance techniques, in order to reduce tax fraud and tax avoidance. The Code of Conduct for Business Taxation on harmful tax evasion is a non-binding instrument, not a source of European tax law, a voluntary instrument, which first identified in 1997 harmful tax behaviours and practices that lead to tax avoidance and recommended means to reduce them, such as the application of the “stand still” and “roll back” rules. This document is a policy statement on the Code of Conduct for business taxation, which aims to reduce harmful tax competition. It was timely to review this document and extend it to today's tax avoidance techniques by renewing the tools to combat them. The document proposed to apply and further develop the “roll back” and “stand still” rule and to review and clarify offshore activity.

In this respect, the Council renewed the mandate of the Chair of the Group on Corporate Taxation and Code of Conduct. The Code of Conduct was originally targeted at EU member states, but member states also committed to promoting the adoption of good governance principles in tax matters under the Code in third countries and in areas not covered by the EU treaties. The aim is to clarify concepts and create a growth-friendly tax system, reducing inequality, exemptions and discrimination. The Communication also outlines the EU's proposal for tax cooperation with developing countries, in line with the 2030 Agenda for Sustainable Development.

Another important area and objective of the Communication is the review of the EU list of non-cooperative countries for tax purposes.

A third important area for action is simplification in the field of Value Added Tax (VAT), such as the modernisation of VAT reporting, simplification of the one-stop shop for VAT, adaptation of VAT rules to the challenges of the digital age, the operation of digital platforms and the setting up of a new dispute resolution mechanism.

4.3. The third pillar: The DAC 7 Directive on administrative cooperation

The Commission's proposal to amend Council Directive 2011/16/EU on administrative cooperation has already been adopted by the Council on 22 March 2021 with Directive 2021/514/EU. The main subject of the Communication is the fight against tax fraud and tax evasion and the prevention of tax evasion as an objective, the instrument for which is the amendment of the proposed Directive. The main objectives of the measure are to promote fair and transparent taxation and to curb unfair tax competition at both international and EU level. In particular, the Communication introduced a reporting obligation for digital platform operators, in order to ensure that income earned through digital platforms is included in the reporting obligation, that operators who earn income

[15] https://ec.europa.eu/taxation_customs/sites/taxation/files/2019-taxation-papers-76.pdf in: OM:2020:0312:FIN, pp.4-5.

[16] https://ec.europa.eu/taxation_customs/sites/taxation/files/2019-taxation-papers-76.pdf in: OM:2020:0312:FIN, p. 5.

from the sale of goods or services on digital platforms are channelled into taxation and fairly share the tax burden. In fact, income declarations from sales on digital platforms were generally incorrect or omitted, giving rise to tax evasion, especially in cross-border transactions. Under the proposal - and the directive already adopted - the exchange of information between member states on the income of sellers on online platforms will become automatic and the document will strengthen and clarify the rules for cooperation between member states in the fight against tax abuse through joint tax audits.

Automatic data reporting and information exchange is covered:

- the collection and verification of income information from platform operators,
- platform operators must provide information on sellers,
- information on the vendors must be made available to the competent tax authority.

An essential provision is that platform operators that are not tax resident in any EU member state, have neither their place of business nor their establishment in an EU member state, but trade in the EU, must register in an EU member state to prevent unfair competition! Foreign platform operators will have to register in a Member State, where they will also have to provide data.

The reporting obligation covers digital platform operators. A seller who is resident in an EU Member State, or who rents out or earns income from a property. This includes rental of real estate, personal services, i.e. any personal online or offline work, sale of goods, rental of equipment. Digital companies such as Amazon, E-Bay, Ali Baba, AirBNBand sales and rentals on booking.com may be covered. The operator of the digital platform that is subject to the reporting obligation must provide data on the seller.

The sale of goods will be subject to specific reporting requirements, above a certain number of transactions and turnover thresholds.

5. SUMMARY THOUGHTS – CONCLUSIONS

Action against tax abuse is therefore reflected in all three Commission Communications, with the following results:

- The reform of the Code of Conduct on Business Taxation document will clarify definitions, review and possibly extend the practice of tax competition, and define new concepts.

- An important step in the fight against tax evasion is: The EU Parliament launched a new institution: the European Tax Observatory, which has been set up in Paris (2021) specifically to help monitor trends in the level and scope of tax abuse, quantify results and provide professional input to decision-making.

- Among the measures to be implemented in 2022-23 are the already much-mentioned principle of proposing taxation at source, taxation at the place of value creation, and the use of digital solutions to facilitate tax collection. The Commission's proposal is for a Council Directive on this issue.

- An important plan for 2022-23 is to ensure consistency in the rules on tax residence to avoid double taxation - or even non-taxation. A Council Directive is also needed in this respect.

- Improving the quality and efficiency of the use of tax data is also one of the objectives. The Commission's working document is the reference document in this respect.

- In the reform of the Code of Conduct for Business Taxation, outdated instruments need to be removed and replaced by new ones, and FATAL [17]could be a solution.

- There is also a need to reform and renew the EU blacklist.

Offshore, tax havens need to be rethought and a more nuanced definition is needed,

- the introduction of minimum tax rates and a definition of minimum economic presence,

- the adoption of the DAC 7 Directive and the further development of the measures for automatic exchange of information, but also the introduction of DAC 8, the adoption of rules for the exchange of information on alternative means of payment (cryptocurrencies) and investment instruments, and

- qualified majority voting in the Council on tax issues could be a solution for faster EU tax harmonisation legislation and faster adoption of directives.

It can be seen that, in the spirit of sustainability and in order to recover from the crisis, European tax harmonisation has accelerated considerably, and several new changes in international taxation have also been introduced, which are also accelerating the process. In the European Union, too, different packages of measures are being adopted in rapid succession. Among the international instruments, the OECD's BEPS Action Plan, which lists 15 tax avoidance techniques and sets out international measures to combat them, and the Global Minimum Tax adopted on 8 October 2021 and signed by 135 countries at international level[18], are worth mentioning. In the European Union's achievements, the ATAD I-II directives[19], the proposal for a directive on the Digital Services Tax and the need to adapt to the global minimum tax in the EU must be mentioned, so a new directive is needed here too.

It follows from the above that the link between sustainability and tax avoidance can only be understood in such a way that sustainable taxation and economic growth require action and the fight against tax abuse, in which the extension of the principle of public taxation to tax avoiders will also apply, and in this fight, cooperation and joint action are of particular importance, as this is the only way to limit, reduce and prevent tax abuse. Transparency is both a supporting principle of digitalism and a tool of digitalism in the fight against tax evasion, and a joint effort can guarantee that these goals are achieved.

All of this suggests that the tools to combat harmful tax practices and unfair tax abuses have been broadened in European tax policy, the Commission's work has been stepped up, the process has accelerated in the EU and greater international cooperation could yield more results, which would mean less abuse in the future and, in turn, more revenue for Member States across Europe and internationally. These goals and results goes to a fair, efficient and simple taxation, which certify the connection between the sustainability and taxation, which is equal with the sustainable taxation

[17] Framework on Aggressive Tax Arrangements and Low Rates:could replace the Code of Conduct, see in: European Parliament 2021.7.20 Report on reforming the EU policy on harmful tax practices (including the reform on Code of Conduct group) https://www.europarl.europa.eu/doceo/document/A-9-2021-0245_EN.html

[18]OECD releases pillar two model rules for domestic implementation of 15% global minimum tax https://www.oecd.org/tax/beps/oecd-releases-pillar-two-model-rules-for-domestic-implementation-of-15-percent-global-minimum-tax.htm

[19] Council Directive: 2016/1164/EU

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