

DIRECT TAXATION IN THE EUROPEAN UNION: PAST TRENDS AND FUTURE DEVELOPMENTS

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I.	INTRODUCTION.....	423
II.	COMMON CONSOLIDATED CORPORATE TAX BASE PROJECT	426
III.	EUROPEAN COURT OF JUSTICE JURISPRUDENCE.....	428
IV.	THE CODE OF CONDUCT FOR BUSINESS TAXATION.....	430

I. INTRODUCTION

Within the realm of taxation, the European Union seeks a balance between the national sovereignty of its Member States and the goal of a harmonized internal market.¹ The internal market is defined as “an area without internal frontiers in which the free movement of goods, persons, services, and capital is ensured.”² The original view was that any differences between the tax systems of Member States had to be alleviated in order to optimize productivity within the European Community because disparate tax systems could be one of those internal frontiers.³ Tax harmonization would guarantee that companies would locate in specific Member States because of efficiency of resources, not simply because of advantageous tax systems.⁴

In 1991, the Ruding Committee evaluated the need for greater corporate tax harmonization by considering three questions posed by the European Commission:

- 1) Whether differences in business taxation among Member States create distortions with respect to investment decisions and competition in the internal market;
- 2) Whether such distortions can be alleviated or eliminated simply through the interplay of market forces and

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1. Tracy A. Kaye, *Commentary Europe's Balancing Act: Trends in Taxation*, 62 TAX L. REV. 193, 193 (2008).

2. Consolidated Version of the Treaty Establishing the European Community, Dec. 29, 2006, art. 14, 2006 O.J. (C 321E) 37 [hereinafter EC Treaty]. All references to the “EC Treaty” refer to the Consolidated Version of the Treaty Establishing the European Community.

3. TAX COMPETITION IN EUROPE 4 (Wolfgang Schön, ed., 2003).

4. *Id.*

competition between national tax regimes, or is action at the Community level required; and

- 3) What specific Community measures are required to remove or mitigate these distortions?⁵

The Ruding Report concluded that the tax differences did distort the internal market and generated significant differences in the cost of capital.⁶ The Report contained many recommendations for legislative proposals that were declared by the European Commission to be too ambitious.⁷

Such sensitivity exists because the power to levy direct taxes still rests with the Member States under the terms of the Treaty establishing the European Community (EC Treaty).⁸ Additionally, the taxation powers of the Community are restricted by the principle of subsidiarity, which permits Community action only if the objectives (such as the development of a common market) cannot be met effectively by individual Member State action.⁹ Thus, the Community can legislate to eliminate tax obstacles to the internal free flow of goods, persons, services and capital.¹⁰

However, European Community tax legislation has been rare as tax matters require a unanimous vote.¹¹ "Unlike VAT, direct taxation is at a

5. Commission of the European Communities, *Report of the Committee of Independent Experts on Company Taxation*, 11 (Mar. 1992) [hereinafter Ruding Report]. In December 1990, Commissioner Scrivener established this committee chaired by former Dutch Finance Minister Onno Ruding, to recommend corporate tax proposals. Commission of the European Communities, *Commission Communication to Parliament and to the Council-Guidelines on Company Taxation*, 148 SEC (90) (601) final.

6. Ruding Report, *supra* note 5, at 11.

7. See Commission of the European Communities, *Commission Communication to the Council and to the European Parliament Subsequent to the Conclusions of the Ruding Committee Indicating Guidelines on Company Taxation Linked to the Further Development of the Internal Market*, SEC (92) (1118) final (June 24, 1992). See also Tracy A. Kaye, *European Tax Harmonization & the Implications for U.S. Tax Policy*, 19 B.C. INT'L & COMP. L. REV. 109, 147 (1996).

8. Jan Wouters, *The Case-Law of the European Court of Justice on Direct Taxes: Variations upon a Theme*, 1 MAASTRICHT J. EUR. & COMP. L. 179, 180 (1994). See also LAURENCE W. GORMLEY, *EU TAXATION LAW 2* (2005) (noting that the power retained by the Member States in the area of direct taxation must be exercised in a manner consistent with the terms of the EC Treaty).

9. Tracy A. Kaye, *Tax Discrimination: A Comparative Analysis of U.S. and EU Approaches*, 7 FLA. TAX REV. 47, 51 (2005). See also George Bermann, *Taking Subsidiarity Seriously: Federalism in the European Community and the United States*, 94 COLUM. L. REV. 332, 339 (1994).

10. SERVAAS VAN THIEL, *FREE MOVEMENT OF PERSONS AND INCOME TAX LAW: THE EUROPEAN COURT IN SEARCH OF PRINCIPLES* 13 (2002).

11. *Id.* at 112. Article 94 provides a legal basis for direct taxation harmonization measures: The Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament and the Economic and Social Committee, issue directives for the approximation of such laws, regulations or

purely embryonic stage of harmonization.”¹² The scope of Community direct tax legislation is currently limited to a few corporate tax directives, an interest and royalty directive, a savings directive, and a mutual assistance directive.¹³ There is an additional mutual assistance directive that enables tax authorities to assist each other in the collection of tax claims.¹⁴ In 1990, the Member States also concluded the Arbitration Convention to provide for binding arbitration of transfer pricing disputes when the respective tax authorities have been unable to resolve the issues within two years.¹⁵

The Savings Taxation Directive enables tax administrations to automatically exchange information on an individual's interest income. This Directive is receiving some current attention as the Commission has proposed amendments to close loopholes and to ameliorate tax evasion.¹⁶ In June 2009, the European Union Finance Ministers announced

administrative provisions of the Members States as directly affect the establishment or functioning of the common market.

EC Treaty, *supra* note 2, art. 94. Cf. Albert J. Rädler, *Tax Provisions of the Treaty of Rome—Lost in Transition*, in MEMORIAM KARI S. TIKKA 1944–2006 422, 425 (Edward Andersson ed., 2007) (discussing the possibility of changing a distortionary tax measure through an Article 96 directive approved by a qualified majority of the Council if consultation by the Commission with the Member State is unproductive).

12. Case C-279/93, *Finanzamt Köln-Altstadt v. Schumacker*, 1995 E.C.R. I-225, Op. ¶ 19.

13. Council Directive, 90/435, 1990 O.J. (L 225) 6 (Parent-Subsidiary Directive), as amended by Council Directive 2003/123, 2004 O.J. (L 7) 41; Council Directive, 90/434, 1990 O.J. (L 225) 1 (Mergers Directive), as amended by Council Directive, 2005/19, 2005 O.J. (L 58) 19; Council Directive, 2003/49, 2003 O.J. (L 157) 49 (Interest and Royalty Directive); Council Directive, 2003/48, 2003 O.J. (L 157) 38 (Savings Taxation Directive); and Council Directive, 77/799/EEC 1977 O.J. (L 336) 15 (Mutual Assistance Directive), as amended by Council Directive, 2004/56, 2004 O.J. (L 127). The European Commission has proposed a replacement Mutual Assistance Directive that would set up procedures, scope, and conditions for the exchange of information on request, the automatic exchange of information, spontaneous exchange of information, and administrative notification among Member States and between Member States and third countries. Commission of the European Communities, *Proposal for a Council Directive on Administrative Cooperation in the Field of Taxation*, Brussels, Belgium (Feb. 2, 2009).

14. Council Directive, 2008/55, 2008 O.J. (L150) 28 (Recovery of Tax Claims Directive). The Commission has also proposed a new directive to replace the existing Recovery of Tax Claims Directive, *Proposal for a Council Directive concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures*, Brussels, Belgium (Feb. 2, 2009).

15. Convention 90/436 on the Elimination of Double Taxation in Connection with the Adjustments of Transfers of Profits Between Associated Undertakings, 1990 O.J. (L 225) 19.

16. Commission of the European Communities, *Proposal for a Council Directive amending Directive 2003/48 on taxation of savings income in the form of interest payments*, Brussels, Belgium (Feb. 2, 2009). See also Meeting with the ECON Committee, Speech of Commissioner László Kovács 3, Brussels (Oct. 6, 2009), available at http://ec.europa.eu/commission_barroso/kovacs/speeches/2009/ECONCommittee6oct.pdf (last visited Mar. 1, 2010) [hereinafter Kovács Speech].

recommendations agreed to by all twenty-seven Member States for strengthening the Savings Taxation Directive.¹⁷

II. COMMON CONSOLIDATED CORPORATE TAX BASE PROJECT

The twenty-seven Member States of the European Union currently use twenty-seven different methods of calculating the corporate tax base, resulting in unnecessary compliance costs and administrative burdens for European businesses.¹⁸ In May of 2005, László Kovács, Commissioner for Taxation and Customs Union, requested that the European Economic and Social Committee (EESC) issue an opinion on the creation of a “common consolidated corporate tax base” (CCCTB) in the Union.¹⁹ The EESC endorsed the CCCTB plan in February of 2006.²⁰

The goal is to improve the efficiency of the internal market and create a business-friendly tax environment by minimizing compliance costs with respect to cross-border activity.²¹ The CCCTB creates a single tax base for all European group economic activity in an effort to eliminate tax differences among Member States.²² The European Community hopes that the change to one single set of rules will result in reduced costs and burdens as well as cross-border loss set-off opportunities.²³

For example, a United Kingdom multi-national corporation with subsidiaries in France and Germany would not distinguish among its individual companies, but would calculate group profits collectively. The Member States where these corporations are active would divide this consolidated profit based on an allocation formula. Each Member State would then have the ability to tax its portion of the joint consolidated profit

17. Charles Gnaedinger, *ECOFIN Agrees on Approach to Improve Savings Tax Directive*, 54 TAX NOTES INT'L 921, 927 (June 15, 2009).

18. Kovács Speech, *supra* note 16, at 6.

19. László Kovács, Speech of Commissioner Kovács at the Plenary session of the Economic and Social Committee on EU Taxation Policy (12 May 2005), available at http://ec.europa.eu/commission_barroso/kovacs/speeches/eu_tax_policy_plenary_session.pdf (last visited Mar. 1, 2010).

20. See generally Opinion of the European Economic and Social Committee on the Creation of a Common Consolidated Corporate Tax Base in the EU, 2006/C 88/12.

21. László Kovács, European Commissioner for Taxation and Customs, Keynote Address in the UK Houses of Parliament (Sept. 28, 2006), available at http://ec.europa.eu/commission_barroso/kovacs/speeches/Speech_London_280906.pdf (last visited Mar. 1, 2010) [hereinafter Kovács Keynote Address].

22. Foreign Lawyers Forum, held by ABA Section of Taxation 2008 Midyear Meeting CD-ROM, (Jan. 18, 2008) (on file with author) [hereinafter Foreign Lawyers Forum].

23. Kovács Keynote Address, *supra* note 21, at 6–7.

at its own tax rate.²⁴ Thus, rather than companies limiting themselves to national operations in order to minimize costs of compliance with various Member States' tax laws, the CCCTB would facilitate cross-border operations and simplify corporate taxation of European Union companies.²⁵

Although not all Member States agree with the implementation of the CCCTB project, all twenty-seven participate in the working group responsible for evaluating the practical aspects of a common corporate tax base.²⁶ One of the major fears of the Irish people before they ratified the Lisbon Treaty was approval of a common tax base and the possible consequences to tax rates in Ireland.²⁷ However, Commissioner Kovács stressed in an October 2009 speech before the ECON Committee that the proposed CCCTB "has no implication on tax rates which would remain in the competence of the Member States."²⁸ Now that Ireland has ratified the Lisbon Treaty, the debate on the CCCTB has been revived.²⁹

Nevertheless, tax commentators have predicted that progress on the CCCTB project is unlikely before the second half of 2010, as the outgoing Commission will be disinclined to make controversial decisions that could affect the re-election of Commissioners.³⁰ Other tax observers say that the CCCTB project has been delayed because it is too complex.³¹ The goal of the European Commission had been to present a "comprehensive Community legislative measure" by the end of 2008,³² followed by a

24. Paulus Merks, *Europe: The World's Most Competitive Economy by 2010*, 55 TAX NOTES INT'L 729, 731 (Aug. 31, 2009).

25. European Commission, *Directorate-General, Taxation and Customs Union, Progress to Date and Future Plans for the CCCTB*, Brussels, Belgium, ¶¶ 76–77 (Nov. 20, 2006) [hereinafter *Progress to Date*].

26. European Commission, *Summary Record of the Meeting of the Common Consolidated Corporate Tax Base Working Group* (Aug. 31, 2006), available at http://ec.europa.eu/taxation_customs/resources/documents/taxation/company_tax/common_tax_base/CCCTBWP037summary_en.pdf (last visited Mar. 1, 2010).

27. Charles Gnaedinger, *EU Tax Sovereignty Pledge Could Spur Approval of Lisbon Treaty*, 54 TAX NOTES INT'L 1083, 1084 (June 29, 2009).

28. Kovács Speech, *supra* note 16, at 7.

29. Charles Gnaedinger, *Irish Voters Approve Lisbon Treaty*, 56 TAX NOTES INT'L 96, 97 (Oct. 12, 2009).

30. Bob van der Made, *European Union: Outlook for the CCCTB*, INT'L TAX REV. (July/Aug. 2009).

31. *Common Tax Base Plans on Hold Under New EU Presidency*, INT'L TAX REV. (Feb. 2009).

32. *Progress to Date*, *supra* note 25, ¶ 74. The Commission prepared a working paper that sets out a possible outline of the principles of a CCCTB to bring the various structural elements of the base together into a coherent set of rules. European Commission, *CCCTB: possible elements of a technical*

directive in 2010.³³ The project has been delayed, but by no means abandoned.

III. EUROPEAN COURT OF JUSTICE JURISPRUDENCE³⁴

The European Court of Justice case law has illustrated how the tax treatment of losses in cross-border situations, exit taxation, taxes on transfer of assets, withholding taxes on cross-border income, anti-abuse rules as well as inheritance taxes can all constitute tax obstacles to the internal market. And these are just a few examples.³⁵

So much of the coordination progress in the area of national direct tax laws has resulted from European Court of Justice (ECJ) judgments regarding discrimination.³⁶

Article 12 of the EC Treaty explicitly states that “any discrimination on grounds of nationality shall be prohibited.”³⁷ Generally speaking, Member States are not permitted to enact national legislation that distinguishes between domestic and foreign persons, goods, services or capital.³⁸ These restrictions are part of the four fundamental freedoms espoused by the EC Treaty.³⁹ According to the jurisprudence of the ECJ,

outline (July 26, 2007), available at http://ec.europa.eu/taxation_customs/resources/documents/taxation/company_tax/common_tax_base/CCCTBWP057_en.pdf (last visited Mar. 1, 2010).

33. Foreign Lawyers Forum, *supra* note 22. Commissioner-Designate Semeta (for Taxation and Customs Union) stated in his confirmation hearing that he intends to finalize the CCCTB as soon as possible. Press Release, European Commission, Summary of hearing of Algirdas Semeta – taxation and customs union, audit and anti-fraud (Jan. 11, 2010) (on file with author).

34. This section relies heavily on Tracy A. Kaye, *Commentary Europe’s Balancing Act: Trends in Taxation*, 62 TAX L. REV. 193, 195 (2008).

35. László Kovács, European Commissioner for Taxation and Customs, Internal Market without direct tax obstacles: the Commission’s proposals to help cross border activities in the European Union (Nov. 23, 2006), available at http://ec.europa.eu/commission_barroso/kovacs/speeches/dhik_20061123.pdf (last visited Mar. 1, 2010).

36. Servaas van Thiel, *The Direct Case Law of the European Court of Justice: Past Trends and Future Developments*, 62 TAX L. REV. 145, 168–69 (2008).

37. EC Treaty, *supra* note 2, art. 12. See generally Tracy A. Kaye, *Tax Discrimination: A Comparative Analysis of U.S. and EU Approaches*, in REUVEN AVI-YONAH ET AL., *COMPARATIVE FISCAL FEDERALISM* 191 (2007).

38. A number of provisions within the EC Treaty prohibit measures that discriminate or otherwise restrict these fundamental freedoms as between nations. Wolfgang Schön, *State Aid in the Area of Taxation*, in LEIGH HANCHER ET AL., *EC STATE AIDS* 241, 244 (3d ed. 2006).

39. The fundamental freedoms are the freedom of movement of goods, persons, services, and capital. EC Treaty, *supra* note 2, arts. 23–27 (prohibiting intra-EC customs duties), 39 (free movement

the four freedoms are directly applicable.⁴⁰ This means that individuals may challenge the validity of a national law, including a tax law.⁴¹ Where Member States have failed to bring their tax legislation into conformity with European Union law, the ECJ has done it for them by striking down any national tax laws that violate these fundamental freedoms.⁴²

For example, one of the first tax competition cases heard by the ECJ dealt with the free movement of goods.⁴³ In a case popularly known as the *Newspaper Publishers* case, the ECJ struck down a French tax law that permitted deductions for publishers that produced newspapers related to politics, as long as the publisher was actually printing in France.⁴⁴ The ECJ concluded that the tax law obstructed intra-community trade because it denied benefits to newspaper publishers established in other Member States.⁴⁵ Thus, the Court struck down the law for violating the principle of the free movement of goods.

The well-known *Avoir Fiscal* case exemplifies the ECJ's protection of the free movement of establishment.⁴⁶ The Commission instituted proceedings against France because French tax law granted imputation credits to resident shareholders for distributed company profits, but denied the same credit to non-resident shareholders.⁴⁷ The end result under the French law was that French subsidiaries of a German-based insurance company received no tax credit because they were not incorporated in France. The ECJ ruled that this was discrimination on the basis of nationality and violated the free movement of (corporate) persons.⁴⁸ Thus, corporations formed in a European Union Member State with subsidiaries in other Member States receive the same protections as a European Union national would and cannot be discriminated against.⁴⁹

of workers), 43, 48 (freedom of establishment), 49 (free movement of services), and 56, 58 (free movement of capital).

40. Case C-26/62, *NV Algemene Transport - en Expeditie Onderneming van Gend & Loos v. Nederlandse Administratie der Belastingen*, 1963 E.C.R. 1, ¶¶ 12–13.

41. SERVAAS VAN THIEL, *EU CASE LAW ON INCOME TAX PART I* 5 (2001).

42. *Taxing Judgments, EU Taxes and the EU Court*, THE ECONOMIST, Aug. 28, 2004, at 67.

43. EC Treaty, *supra* note 2, arts. 28, 29.

44. Case C-18/84, *Comm'n v. France*, 1985 E.C.R. I-1339.

45. *Id.*

46. EC Treaty, *supra* note 2, art. 43.

47. Case C-270/83, *Comm'n v. France*, 1986 E.C.R. 273.

48. *Id.*

49. Tracy A. Kaye, *The Gentle Art of Corporate Seduction: Tax Incentives in the United States and the European Union*, 57 U. KAN. L. REV. 93, 99 (2008) [hereinafter Kaye, *Corporate Seduction*].

Additionally, Member States may not place restrictions on the freedom to provide services, meaning that there can be no discriminatory taxes on service providers or on foreign investors.⁵⁰ For example, Member States may not tax foreign lottery winnings differently than domestic lotteries. The ECJ struck down a Finnish law that taxed lottery winnings from lotteries organized outside Finland but granted an exemption for lottery winnings obtained through Finland-based lotteries.⁵¹ The ECJ concluded that a lottery was a service and declared this disparate tax treatment as discriminatory.⁵² Thus, the law was struck down as violating the free movement of services.

Finally, Member States may not place restrictions on the movement of capital.⁵³ Although there is a limited exception available for discriminatory tax policies in place prior to 1994, Member States are prohibited from placing discriminatory taxes on foreign capital.⁵⁴ For example, Member States cannot assess a stamp tax against loans taken out by citizens from foreign lenders if that same tax is not generally levied against loans taken from domestic lenders.⁵⁵ In *Sandoz*, the ECJ struck down an Austrian stamp tax even though the legislation itself did not expressly apply only to foreign lenders.⁵⁶ Rather, the legislation applied only to loans formalized in writing. However, because most loans in Austria were not memorialized in writing, the legislation had a de facto discriminatory impact against foreign lenders.⁵⁷

IV. THE CODE OF CONDUCT FOR BUSINESS TAXATION⁵⁸

Finally, this essay briefly comments on another development that has affected direct taxation, the Code of Conduct for Business Taxation (Code of Conduct). Due to the difficulty of reaching unanimous agreement on European tax legislation, the use of non-legislative approaches, "soft law,"

50. EC Treaty, *supra* note 2, art. 49.

51. Case C-42/02, *Lindman v. Skatterattelsnamnden*, 2003 E.C.R. I-13519.

52. *Id.* ¶ 27.

53. EC Treaty, *supra* note 2, art. 56.

54. Kaye, *Corporate Seduction*, *supra* note 49, at 99–100.

55. Case C-439/97, *Sandoz GmbH v. Finanzlandesdirektion für Wien*, 1999 E.C.R. 7041.

56. *Id.* ¶ 31.

57. *Id.* ¶ 27. It is important to note that the ECJ's concern did not center on the discouragement of the lending of capital generally but focused on the disparate impact between foreign and domestic loan companies. In dicta, the Court commented that if the stamp tax impacted both foreign and domestic lenders equally, it might be permissible.

58. This section borrows freely from Tracy A. Kaye, *Commentary Europe's Balancing Act: Trends in Taxation*, 62 TAX L. REV. 193, 196–99 (2008).

has become accepted in the European Union.⁵⁹ The European Union's Code of Conduct for Business Taxation is the first example of "soft law" in the area of corporate taxation.⁶⁰ The Code of Conduct was established by the Economy and Finance Council based on a recommendation from the European Commission with regard to the elimination of harmful tax competition.⁶¹ Although the Code of Conduct is not binding on the Member States, those adopting it agree to reduce any existing tax measures that constitute harmful competition and to refrain from instituting any similar measures in the future.⁶² Although not a legally binding document, the Code of Conduct carries great political force.⁶³

This effort was successful in that the Code of Conduct provided a system to tackle the issue of harmful tax competition and the criteria in the Code of Conduct made evaluation of specific tax regimes possible. The method of peer review performed by the Primarolo Group was an innovation for tax policy.⁶⁴ Over 271 business tax measures were evaluated and sixty-six were removed or amended once they were determined to be harmful.⁶⁵ There is evidence of actual effects on Member States' tax policies.⁶⁶ Commentators have pointed out that "it would be politically

59. Commission of the European Communities, *Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee: Tax Policy in the European Union—Priorities for the Years Ahead*, at 22–23, COM (2001) 260 final (May 23, 2001). See Rädler, *supra* note 11, at 423. See also Commission of the European Communities, *Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee: Co-ordinating Member States' Direct Tax Systems in the Internal Market*, COM (2006) 823 final (Dec. 19, 2006).

60. Claudio Radaelli, *The Code of Conduct against Harmful Tax Competition: Open Method of Coordination in Disguise?*, 81 PUB. ADMIN. 513, 521 (2003).

61. Conclusions of the ECOFIN Council Meeting on 1 December 1997 Concerning Taxation Policy, 1998 O.J. (C 2) 1, 1, 4–5.

62. See generally European Union, Harmful Tax Competition: The Code of Conduct, http://ec.europa.eu/taxation_customs/taxation/company_tax/harmful_tax_practices/index_en.htm (last visited Nov. 13, 2009) (describing the nature and purposes of the Code of Conduct).

63. For example, Ireland repealed its preferential 10% tax rate for certain manufacturing activity and replaced the targeted incentive with an overall corporate tax rate of 12.5% in 2003. Michael Mikiciuk, *Foreign Direct Investment Success in Ireland: Can Poland Duplicate Ireland's Economic Success Based on Foreign Direct Investment Policies?*, 14 U. MIAMI INT'L & COMP. L. REV. 65, 106 (2006).

64. Radaelli, *supra* note 60, at 526.

65. *Id.* at 523–24.

66. "[R]ecent changes in The Netherlands' intermediate royalty and interest companies, advance pricing agreements and advance ruling practices have been linked to the intention of the Dutch government to comply with the criteria listed by the code." *Id.* at 527.

difficult now to propose the same type of beggar-thy-neighbour regimes which were so popular up until the mid-1990s.”⁶⁷

The European Union Finance Ministers reinforced their commitment to this process by adopting guidelines on good governance in tax matters.⁶⁸ Approximately 200–250 billion Euro per year is lost due to tax fraud, evasion, and avoidance in the European Union; thus, the Commission is making efforts to “promote transparency, exchange of information and fair tax competition, in other words good governance in tax matters.”⁶⁹ The goal is to improve governance in tax matters within the European Union, with hope that such governance will set up a moral and political base from which Member States can demand good governance related to tax from partner countries outside of the European Union.⁷⁰

67. *Id.*

68. Commission of the European Communities, *Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee, Promoting Good Governance in Tax Matters*, COM (2009) 201 final, Brussels, Belgium (Apr. 28, 2009).

69. Kovács Speech, *supra* note 16, at 2.

70. *Id.*