Taxpayers Association of Europe (TAE)

"Boosting Competitiveness through Evidence-Based Taxation Policies: Balancing European Ambitions with Economic Realities"

European Parliament, Brussels, 15 October 2026
Michael Jäger, President of the Taxpayers Association of Europe (TAE)

Background: EU Financial Framework 2028–2034

The European Commission is proposing a financial framework of around 2 trillion euros – significantly more than in the current period. Added to this are new own resources estimated at 58.5 billion euros annually and additional EU-backed lending facilities. Any comparison with the previous budget must take into account price trends, the duration of the period and special funding. The TAE calls for a thorough review of expenditure prior to any budget expansion.

Proposals under discussion for new EU Own Resources

European Commission

1. Share of revenue from the Emissions Trading Scheme (ETS)
2. Share of revenue from the Carbon Border Adjustment Mechanism (CBAM)
3. Levy based on the weight of uncollected waste electrical and electronic equipment
4. Own resources based on tobacco excise duty (TEDOR);
5. flat-rate corporate contribution (CORE) for companies with an annual net turnover of 100 million euros or more. In addition, adjustments to existing own resources.

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Sources under discussion as possible replacements or supplements:

- Digital services levy
- Levy on online gambling/betting
- Extension of the CBAM and
- Tax on capital gains from crypto assets

Position of the Taxpayers Association of Europe (TAE)

Europe needs competitiveness, investment and growth – not ever more levies, debt and detailed regulations. The waste of taxpayers' money is just as harmful as tax evasion. Subsidiarity, national budgetary control and a comprehensive regulatory impact assessment must be the benchmark. Every EU euro must create demonstrable European added value that justifies its cost.

1. Border taxes, countermeasures and double taxation

New EU levies – that is, the EU's own resources – lead to a greater burden on businesses and/or private individuals. Higher costs will be passed on via higher prices by businesses that are already under pressure and have exhausted their potential for savings; at the same time, third countries may respond with retaliatory tariffs or other measures. A digital levy, for instance, would hit corporations from the US and China in particular, thereby directly provoking trade conflicts. The planned turnover-based EU corporate tax, the Corporate Resource for Europe (CORE), is particularly problematic: a company can generate significant turnover whilst still making a loss. Turnover is not a measure of tax-paying capacity. Furthermore, as such levies could be treated as deductible expenses, they might reduce national profits and thus national tax revenues. The additional EU tobacco tax risks triggering evasive behaviour. The KPMG study thus concludes that, following the massive increase in tobacco duty in France, 53.6 per cent of cigarettes are smoked without the state receiving any revenue; of this, 41.4 percentage points

were attributable to smuggling and counterfeiting, with the remainder coming from purchases in cheaper foreign countries. Tax increases therefore do not automatically lead to additional revenue. The situation becomes problematic when, as in Germany, similarly massive increases are planned.

2. New own resources or higher GNI contributions?

New own resources do not come free of charge: someone has to pay – consumers, businesses or national budgets. They create permanent revenue streams to Brussels and increase the pressure to expand them later. Legally, unanimity in the Council and national approval remain necessary. This is to ensure that the Commission does not acquire unchecked tax-raising powers through the back door. GNI contributions are transparent; they spread the burden across everyone rather than just individual groups. The contributions are based on economic output and remain visible within the national budgetary process. We at the Taxpayers' Association prefer this democratically accountable form of financing to new EU levies.

3. Where to make savings – despite the NextGenerationEU repayment?

What we categorically reject are new and further EU debts, as well as any form of debt mutualisation. Nor should there be any blanket authorisation for EU borrowing.

We find it more than perplexing that the high interest payments and repayments for NextGenerationEU are now being used as justification for higher own resources, whilst at the same time additional new borrowing is being proposed.

Suspicions of the misuse of EU funds in Spain highlight the need for scrutiny: the German daily newspaper BILD reported on 11 May 2026 that more than ten billion euros from the COVID-19 recovery programme had been 'parked' in the Spanish pension system. We demand a full investigation into this matter.

In light of these experiences and the latest report from the European Court of Auditors for the year 2025, which criticises the fact that 6.7 billion euros of EU funds were not spent in accordance with the rules, it is clear to us that neither Next Generation EU nor the current use of funds should serve as an example or blueprint for even more funding.

First and foremost, all programmes, administrative costs and funding recipients must be scrutinised: public lists of recipients, measurable targets, independent audits, and cuts or clawbacks in the event of misuse of funds. Joint procurement and better coordination in the defence sector also offer potential.

The EU should improve the framework conditions rather than regulating every detail. Growth and the fight against VAT fraud are more helpful than new taxes and debt.

Enquiries

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