

# TAX OBSTACLES OF CROSS-BORDER ECONOMIC ACTIVITIES

## IN THE EU INTERNAL MARKET

### *Towards a harmonization framework for personal and family allowances of economically active EU persons?*

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The dissertation is aimed to provide an answer to the central question: can, and (if so) how can, an adequate and easy applicable (common) framework of principles and rules be formulated that underlies the fiscal provisions of the EU Member States in order to guarantee a better and more uniform compliance with the rights afforded by the free movement of the economically active person in the EU internal market?

#### I. BORDERS OF EUROPEAN TAX HARMONIZATION IN THE FIELD OF PERSONAL INCOME TAXATION

Lack of harmonization in the field of personal income taxation

Free movement of persons hampered by defective tax harmonisation

Concrete obstacles:

- Double taxation
- Allocation of personal and family allowances
- Mismatch tax law and social security law

EU internal market ↔ 28 individual EU MS

TAX TREATMENT OF THE PERSONAL AND FAMILY SITUATION OF ECONOMICALLY ACTIVE EU PERSONS UNDER THE INTERNAL LAW OF 28 EU MS (comparative analysis)

Residence State



Working State

France UK  
Belgium Austria  
Germany Netherlands  
Luxembourg ...

#### II. OUTLINE OF RESEARCH SUBJECT AND RESEARCH OBJECT

"Economically active EU person"

"Rights derived from the free movement of persons"

#### III. LEGAL FRAMEWORK OF THE OVERALL STATUS OF ECONOMICALLY ACTIVE EU PERSONS

The allocation of personal and family allowances

**SHUMACKER-DOCTRINE**

Assessment of the Schumacker-doctrine: shortcomings?

- Comparability of residents and non-residents
- Ignorance of progression effects
- Consistency of tax rates/deductions
- Income from multiple MS

#### IV. COMMON FRAMEWORK OF PRINCIPLES UNDERLYING MS' SOVEREIGN NATIONAL TAX SYSTEMS THAT IMPROVES THE FREE MOVEMENT OF PERSONS



- ⇒ Proportional granting of personal tax reliefs by residence and source countries
- ⇒ Equal treatment of residents and non-residents
- ⇒ Freedom of choice for taxpayers

Controversial issues

- Political and preliminary issue: realizability / feasibility of European harmonization in the field of personal income taxation
- Delineation notions:
  - "freedom of persons" for "freedom of workers" and "freedom of establishment" (role freedom of services?)
  - "personal and family allowances"
  - "economically active EU person": 'workers' or/ and 'self-employed persons'
- Same tax treatment in 'residence State' or/ and 'working State' (eg. tele(home)work)
- Comparison with internal situation of federal states (US, Germany, Switzerland,...)

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