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EU Commission's interference inappropriate and misleading says McKenna

The chairperson of the People's Movement, Patricia McKenna, has said 'Claims that the Lisbon Treaty will have no impact on the issue taxation within the EU are false and misleading'. The former Green Party MEP was responding to assurances by the president of the European Commission, José Manuel Barroso in Dublin today, that the Treaty would not impact on the issue of taxation and that decisions on taxation would remain unchanged.

Ms McKenna said 'This visit to Ireland by the president of the EU Commission to campaign for a Yes vote is a gross interference by the EU institutions in Ireland's internal affairs and an attempt by an outside body to infringe on the constitutional rights of the people of this state. The visit is not only inappropriate but clearly designed to give Irish voters a false sense of security in relation to this issue of taxation and the comments by the Commission president are clearly stage managed by the Taoiseach, Bertie Ahern, to reduce concern on one of the most significant aspects of public concern on the Lisbon Treaty. This double act of deception by Commissioner Barroso and Mr Ahern must be exposed for what it is'. Reports in the European press today that Brussels is delaying talks on EU budget reform to avoid a negative impact on the Lisbon Treaty's ratification in Ireland is 'yet another example of this deception' she said.

McKenna questioned the credibility of Mr Barroso saying that both he and Mr Ahern have a lot in common. She recalled the fact that in 2005 a motion of censure was tabled in the European Parliament forcing Barroso to appear before the plenary 'to explain how he could receive a gift to the value of several thousand euros from a billionaire businessman, who then, one month later, received the green light from the Commission for a regional aid grant amounting to €10 million'. Mr Barroso's reaction at the time was one of denial. He stated, 'hospitality is a normal fact of private life'. 'For many Irish people this will have a familiar ring', said McKenna.

'Despite claims to the contrary the position on taxation in the EU is not clear', said McKenna. 'The Lisbon Treaty proposes an amendment to Article 113 of the Consolidated Treaties stating that harmonization of taxes must take place if it is necessary "to avoid distortion of competition". This would allow a country or business firm to take a case before the EU Court of Justice alleging that, for example, Ireland's 12.5% rate of company tax constitutes a "distortion of competition" as compared with Germany's 30% rate.'

'It is possible that the EU court could require member states to harmonise their company taxes over a specified period of time, although governments would still "decide the actual rates". It is clear that Lisbon would provide a detour or ring road around the present requirements on company taxes and it is irresponsible of our politicians to either ignore or attempt to hide this fact' said McKenna.

McKenna also said: 'Another provision in the Lisbon Treaty, which could affect the tax issue, is the general escalator clause or "simplified revision procedure". This could be used as a practical way around the unanimity problem on taxes. At present there can be no shift towards qualified majority voting on indirect taxation, because the constitution of Ireland would have to be changed to permit it. But if we ratify the Lisbon Treaty the constitution would be changed, so that only the taoiseach of the day would stand in the way of the European Council moving to harmonise taxes on companies—at least as far as Ireland is concerned.'

'At present the Irish people have a veto on EU indirect taxes. If we ratify Lisbon it would be the taoiseach alone who would exercise this veto, or the Dáil majority that he and his government would control. The veto that the Irish people at present have on EU company taxes would be replaced by reliance on the taoiseach's determination to say No indefinitely.'

'In the Lisbon Treaty, under the heading of "the Union's Resources", the European Union can provide itself with the means necessary to attain its objectives and carry through its policies, and it could also establish new categories of "own resources". Though these measures require unanimity in the Council and would not enter into force until they are "approved by the Member States in accordance with their respective constitutional requirements", it is clear that it opens the way for an EU taxation system, which would make the EU budget wholly independent of its member states.'

'This article would allow the EU Council of Ministers to finance the attainment of the new European Union's very wide objectives by means of "new categories of own resources".

These could include virtually any kind of tax—income tax, sales tax, company tax, property tax, carbon tax—as long as it was unanimously agreed and approved by the member states in accordance with their respective constitutional requirements, which in Ireland's case, if the Lisbon Treaty is ratified, would mean majority Dáil approval.'

'The Lisbon Treaty allows the taoiseach and government to agree to various EU taxes in the future, without having to come back to the Irish people in a referendum; and it is unlikely that the EU prime ministers and presidents would resist for very long the possibility of endowing the new European Union that they would be running with its own tax resources. Such provisions as "the common foreign and security policy (CFSP) shall be put into effect by the High Representative and by the Member States using national and Union resources" are especially worrying.'

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