Propositions

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"Tax policy of Estonia in the framework of the EU integration"

1. Tax competition leads to an increasing tax burden on immobile tax base. This may create social problems.
2. Free trade is beneficial for economic growth.
3. Small countries can hardly benefit from trade protection.
4. Trade barriers lead to domestic price rises.
5. Like a commodity tax a commodity subsidy is associated with an excess burden.
6. Tax harmonization in the EU should have limits and concentrate first of all on indirect taxes.
7. The provision of the Estonian VAT Act under which the supplies of goods and services provided free of charge are subject to VAT is not in line with EU law and should be abolished.
8. Estonia should abolish its discriminatory pension tax provisions.
9. Estonian tax system differentiates between foreign and domestic dividends received by individuals. Resident individuals are granted an exemption from income tax on profit distributions received from resident companies but not from non-resident companies including those of the EU Member States. This provision is a restriction to free movement of capital and freedom of establishment forbidden under EC Treaty and should be changed.
10. Under the Estonian Income Tax Act the foreign corporate shareholders are discriminated: (1) the threshold for exemption is 25% instead of 20% and (2) the tax is payable immediately, without waiting for the redistribution. Those discriminatory provisions of the Estonian Income Tax Act should be changed by applying equal conditions to residents and foreign companies.
11. Do not forget the tax man if you work hard and make money for he will not forget you!