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The priorities of the European Union agenda vary as it responds to the changing demands of member states' leaders. Over the past twelve years the emphasis has changed from security through immigration, economic crisis and now to unemployment and tax.

The EU institutional response is rarely easy to understand because it is complicated by their having power to act only in a limited number of areas agreed to by the member states. Even this is not straight forward as governments increasingly use inter-governmental agreements among themselves to act - sometimes to drive ideas forward among a limited number of countries ready to cooperate, sometimes to stymie European Commission proposals.

Taxation, other than Value Added Tax, is very much a national competence with each country having a veto over any attempt to change it at EU level. Taxation in many respects is among the most complicated issues given that not only does each country have its own tax rules but there are a myriad of multi-lateral, regional, and global organisations involved and bi-lateral agreements between individual member states and countries globally.

Frequently the EU's agenda priorities are set by external factors, as we see with the current emphasis on taxation. The US, France and Britain have been delving into why they are losing tax from multi nationals to tax havens - Ireland being included in this definition. Britain - hosting more tax havens than most in its overseas dependencies - put the issue on the G8 agenda during its presidency of the group, and this coincided with investigations by the US administration into its own multi nationals.

But none of this flurry of activity has taken the EU by surprise. There has been a raft of legislation sitting on the table for years in some instances, designed to remove as many of the borders that are preventing the single market becoming a reality and maximising the potential return.

A quickening of pace within the EU to act is usually generated by a real or perceived crisis, with the incentive frequently coming from domestic politics, or at the behest of the US. Sometimes they strive to find an answer at inter-governmental level; sometimes they demand action from the European Commission. Frequently the Commission either has a draft designed previously languishing on a shelf from a previous perceived need, or if not requested, then in a bid to prevent itself being excluded will produce a draft.

The European Parliament adds further impetus to such moves through its often well informed committees, pushing to increase its influence and reacting to what they see as the concern of citizens, or to the myriad lobbyists that increasingly seek to influence it.

Taxation has become a battle ground in recent years for member states and was brought to a new art form by the former president of France, Nicolas Sarkozy when he openly attacked Ireland's Taoiseach over the country's corporate taxation policies.

He was encouraged in this by the argument that Ireland was receiving a bail-out - in fact at the time a relatively expensive loan - and the centre-right Mr Sarkozy found considerable understanding from other net payers and among Socialist members of the European Parliament. They juxtaposed the required aid against the facility Ireland was offering multi nationals to divert the tax they would otherwise be paying in France and other member states, or indeed to the coffers of the Irish state.

But even before the crisis, Socialist ministers in the previous German federal government railed publically against Ireland's tax regime. While many emphasised the low tax rate of 12.5%, they pointed to the transfer pricing mechanism that saw German companies 'borrow' from their Irish branch and offset this to reduce the tax they would otherwise pay Berlin.

This already well established negativity towards Ireland was reinforced in the debacle of collapse of the German Dublin-based Depfa and its parent company, the giant mortgage Hypo Real Estate when the German bank, Depfa, cost the German taxpayer €102 billion. Senior German banking figures, afraid at that time for the entire banking sector blamed the laxity of the Irish banking regulator and were not interested in acknowledging that perhaps their own regulator who had joint supervision may also have been culpable to some extent.

As the financial crisis increased government deficits and austerity has exacerbated them the issue of tax has found a new reason to take centre stage. With workers bearing the brunt of tax increases and state spending cuts, and an emphasis on reducing unit labour costs, citizens' distress began to focus politicians' minds.

Tax evasion, fraud, and avoidance cost the EU €1 trillion a year according to the European Commission. Not many countries have done studies on how much tax they are missing out on, but Britain for instance estimates it has a tax gap of €37 billion according to the government's estimate which is a quarter of the budget deficit and 6.7% of tax due, although research by tax expert Richard Murphy puts it at more than 120 billion pounds sterling.

Sweden, seen as being the ultimate law compliant nation, estimates they are losing out on 10% of tax due; Denmark the loss from business alone was put at €3.6 billion; Finland is believed to be losing up to €7 billion a year while France believes it is losing up to €25 billion from tax, including VAT, fraud alone.

Eurostat estimates that Ireland is losing up to half what it could potentially collect in tax if everyone was compliant, and it got rid of reduced VAT rates on goods such as children's footwear.

UK based Mr Murphy who has been commissioned to do various studies on taxation estimates the shadow economy in the EU generally accounts for some €860 billion a year in lost revenue to member countries, while tax avoidance costs around €150 billion a year. The committee concluded: "International companies are able to exploit national and international tax structures to minimise corporation tax on the economic activity they conduct in the UK. The outcome is that they do not pay their fair share. We believe that this practice is widespread and that HM Revenue & Customs (HMRC) is not taking sufficiently aggressive action to assess and collect the appropriate amount of corporation tax from these multinationals."

Across the Atlantic the Senate was, once again, coming to similar conclusions although there the head of Apple turned the spotlight back on the US system and forced them to question why so many of their multinationals preferred to keep profits off-shore.

All of this coincided with Britain's chairmanship of the G8, and the recent meeting of G8 leaders in Fermanagh, Northern Ireland, where they followed the trend and made it the main focus. They took the US Foreign Account Tax Compliance Act legislation as a template and ahead of the G8 meeting they signed up six EU countries to adopt a pilot scheme based on the US model to hand over bank information about US citizens and companies to ensure nobody could hide their assets from the Internal Revenue Service (IRS).

This inter-governmental approach naturally drew some wry remarks from the EU's Taxation Commissioner Algirdis Semeta who pointed out at an informal Finance Ministers meeting in Dublin that if the governments had bothered to sign any of the myriad of proposals on tax before them over the previous years, they would have achieved what they now purported to want. He may also have had in mind that Britain and the Channel Islands are the world's second largest offshore wealth centre.

Semeta regained his composure quickly however and pushed ahead with his somewhat more comprehensive proposals, in tandem with a raft of legislation dealing with corporate and individual taxation evasion and avoidance. His Action Plan on tax fraud and evasion launched in December 2012 included some 25 measures ranging from new and revised legislation to codes of practice. The data dump of secret bank accounts by offshore Leaks gave the whole issue a sharper public profile and focus and was described by the Commissioner as the "most significant trigger" behind the rush to clamp down on tax fraud and avoidance.

It conspired to push all EU countries over the line to signing up fully to the Savings Tax Directive by year end. Luxembourg and Austria were only returning tax on savings accounts and not full information on the identity of the bank account holder to the person's national tax authorities. This gave the other tax havens - including Switzerland where an estimated 34% of the global private banking industry - the excuse not to cooperate in sharing information also. The two EU members agreed that they would comply from the start of next year although there are reports that Luxembourg is pulling back a little. Limited as the current Savings Directive is, it still results in information on about €20 billion of taxable income exchanged between member states each year, according to the European Commission.

Under the revised Directive, the scope will be much wider to cover not just simple savings accounts, but trusts, foundations and other vehicles both for corporations and individuals. Extending its geographical remit will not be easy however as under the pilot project put forward by Britain, they requested their protectorates which include some of the best known tax havens, to cooperate by sharing information on their clients. However, so far this appears to be limited to "whatever information they have" which may not include the identity of the real benefiter, and they are not being obliged to collect this, or additional data.

The Finance Ministers have also given the go-ahead for new VAT legislation to deal with fraud including a quick reaction mechanism and global ability to collect VAT at point of sale rather than purchase to avoid carousel fraud. Ireland introduced this as a temporary measure to deal with fraud on items such as technology chips and goods being apparently sold and bought between Britain and Ireland.

The issue of tax competition, which Ireland and other smaller countries in the EU depend on to retain their low rates, is coming under increasing political attack as the bigger nations refuse to be convinced. German Chancellor Angela Merkel made this clear in January: "There is too much tax fraud, tax evasion, and tax competition, and too many low-tax zones in the world, in respect of which a lot more needs to be done. There are shadow banks. We will deal with that at the next G20 summit."

There are a range of activities going on in the EU at present designed to address at least some of these issues. The code of conduct on Business Tax, established in 1997, is used to assess tax regimes inside and outside the EU. Ireland's dual tax system for multinationals and national tax fell foul and as a result rather than increasing the tax rate of 10% for foreign companies, tax for local business fell resulting in a 12.5% imposed on all.

The Code's criteria for identifying harmful measures include:

- A significantly lower level of effective taxation than the general level of taxation in the country concerned (a tax benefit)
- Tax benefits reserved for non-residents or transactions with non-residents
- Tax benefits for activities which are isolated from the domestic economy and have no impact on the national tax base (ring-fencing)
- Tax benefits granted despite the absence of any real economic activity (substance)
- Departure from internationally accepted rules (especially the Organisation for Economic Co-operation and Development (OECD) in setting the basis of profit determination for companies in a multinational group
- Lack of transparency

These criteria will be used in the EU's assessment of whether a tax regime amounts to a tax haven or not - together with additional criteria from the OECD. The Commission sees as harmful tax measures which give more favourable treatment to non-resident taxpayers than to residents; offering a lower rate of corporate tax to foreign investors, or giving tax advantages to business operations that require no real economic activity or substantial presence within that country.

The Commission also recommends that member states apply the Code more forcibly, and suggest that it should be expanded to include special tax regimes for wealthy individuals and which could be considered harmful to the Single Market. The Commission would also like to see a blacklist of tax havens being added to by member states if they find any that meet the EU's criteria but also advise offering them incentives and help to reform, including technical assistance. Best practices for tax payers and tax authorities are being provided on a new website with EU Tax Identification Numbers and descriptions of tax structures in each country.

The perfectly legal area known as aggressive tax planning is increasingly under the spotlight also especially as multinationals defending the tiny amounts they pay in tax argue that they are not breaking the letter of any law while many argue that they are in fact breaking the spirit. They use legal technicalities in tax systems or mismatches between national tax systems - such as the Dutch Sandwich and the Double Irish - to minimise their liabilities, or/and spirit their money to tax free jurisdictions.

The opportunities for this have been increased with greater globalisation and the nature of much new business being on-line and the gains from intellectual property. One example the European Commission gives that could be applied to Ireland is as follows: Profit participating loans are a type of loan which is often considered as debt in its country of source and as share capital in the country where the payment is made. This is a typical case of mismatch whereby two tax systems characterise the same payment differently for tax purposes. Taxpayers commonly arrange their tax affairs in a way that allows them to take advantage of this mismatch to benefit from (i) having the 'interest' deductible on one side of the border (state of source); and (ii) receiving a tax exempt 'dividend' on the other side of the border (state of residence).

Apart from global agreements - which the Irish Government argue are needed if multinationals are not to just flee from one country to a more sympathetic one - the Commission recommends that when negotiating double taxation treaties within the EU or outside, that countries insert a clause saying they will only refrain from taxing certain income if it is taxed by the other contracting party and so prevent double non-taxation.

The Commission also suggests that member states adopt a common General Anti-Abuse Rule that would allow them ignore artificial arrangements to avoid paying tax and to tax on the basis of actual economic substance. The Commission says it plans to review the anti-abuse provisions in the Parent-Subsidiary, Interest and Royalties, and Merger Directives with a view to possibly strengthening them.

A platform for good tax governance with experts from member states and stakeholders has been established to help with advice on applying new rules and recommendations and standards of good tax governance for third countries. Its membership has been criticised by civil society groups saying the financial services industry is over represented.

The Financial Transaction Tax proposed but rejected by some countries is expected to go ahead with approximately eleven countries taking part. This extends the tax imposed on trading shares in Britain and Ireland currently to cover all transactions including on derivatives. A huge lobbying effort is seeking to minimise its effect even among those, including Germany and France that say they are ready to sign up.

Greece raised the question of inefficient or even fraudulent tax collection by the authorities themselves. In 2010, Lagarde, then Finance Minister of France, sent a list of 1,991 names of Greek customers with bank accounts at HSBC's Geneva branch to the Greek Government but these were never followed up. Only a journalist who revealed the list was threatened with any retribution. Lagarde was appointed Managing Director of the International Monetary Fund in July 2011. German and other media bristled to the accounts of Greek tax collectors cutting deals with clients to share a reduced tax bill between them leaving little or nothing for the State.

The European Federation of Public Service Unions that represents more tax inspectors than any other union, accuses European leaders of failing to take concrete action to fight tax fraud. On the one hand the governments "denounce the obscene situation of tax dodgers yet the same governments reduce the capacity of the state to collect taxes".

Austerity is helping tax avoidance, they say with the lay offs of 50,000 tax staff in 24 of the 28 member states over the past few years, with more to come. Their study shows Ireland lost 13% of its tax staff between 2008 and 2011 alone under pressure to cut its budget deficit.

The latest annual report of the Irish Revenue Commissioners said: “This sudden reduction in staffing levels has resulted in the loss of critical skills in many of our business areas. Sanction was sought from the Department of Public Expenditure and Reform to allow some leeway on the staffing numbers and to allow us to recruit externally and from within to replace these critical skills. This is essential in order to maintain our capacity to collect taxes and tackle non-compliance.

There are other reasons also to doubt the commitment of many governments desire to resolve the tax issue.

Some are easily understood such as in Ireland where the believe that low corporation tax is what attracts multinationals that employ large numbers of people and that even if the companies are not sharing much of their profits with the nation, they are paying wages and PRSI for citizens. The Troika found at the start of the country’s bail-out programme that the only single, consistent message they received from all groups in civil society, business, trade unions, state, and semi-state was “don’t touch our corporation tax”.

However the revelations about Apple recently cast a new light on much of this thinking, including that tax regimes are capable of acting as a “dog in the manger”, unable to benefit from the profits themselves but ensuring others do not either.