



Motion

Proposer: PC1 (decided on: 03/26/2026)

Title: Regarding the Creation of a Fiscal Union

Motion text

1 Resolution submitted by: JEF Political Commission 1 – Institutions and
2 Governance

3 Adopted by the Federal Committee in London on 23 March 2019. Re-adopted and
4 amended by the European Congress in Liège on 21 November 2021. Re-adopted and
5 amended by the European Federal Committee in Tartu, Estonia on 14 April 2024.
6 Re-adopted and amended by the European Federal Committee in Belgrade, Serbia on
7 19 April 2026

8 JEF Europe,

9 ● Strongly convinced that for the EU to be able to act effectively, it must
10 eliminate the principle of unanimity specifically for the introduction of new
11 autonomous European taxes, while ensuring the harmonisation of tax systems;
12 [Annex I]

13 ● Stressing that a Fiscal Union and a centralised investment capacity could
14 allow for economies of scale, thereby reducing the aggregate cost of public
15 goods;
16

17 ● Condemning the utter lack of transparency and democratic accountability in the
18 EU budgetary process, whereby the European Parliament does not enjoy equal
19 powers in determining the Multiannual Financial Framework or raising of

20 revenues; [Annex II]

21

22 ● Highlighting the leverage held by Member States within the Multiannual
23 Financial Framework (MFF), given that their national contributions constitute
24 the primary source of the EU budget;

25 ● Convinced that the EU budget should be financed entirely by European
26 autonomous revenues rather than national contributions, to prevent Member States
27 from using them as a tool for political leverage;

28 ● Noting with concern that Eurozone Member States are still exposed to
29 asymmetric economic or financial shocks, especially the Member States in which
30 public debt levels are still high and where governments are not endowed with
31 enough fiscal space to enact counter-cyclical policies;

32 ● Convinced, therefore, of the need to strengthen the Eurozone through the
33 creation of a real Fiscal Union;

34 ● Highlighting that cross-border tax schemes and fraud allow multinational
35 corporations to free-ride on the public infrastructure and services of multiple
36 Member States while contributing only to one;

37 ● Noting that while economic and taxation policies should follow the principle
38 of subsidiarity, the Union must intervene when national frameworks fail to
39 capture cross-border value creation, for example with an European Company Income
40 Tax;

41 ● Convinced that the fragmentation of national tax systems and the lack of a
42 common tax base impose higher compliance costs on European companies,
43 undermining their cross-border expansion and the integrity of the Single Market;

44 ● Stressing that the issuance of European debt should be coupled with a fiscal
45 union, as borrowing without sovereign taxing power incurs higher costs and
46 offers less favorable terms for most Member States than national debt;

47 ● Underlining the necessity of tightening national fiscal rules, as the
48 transition toward a European fiscal union and common debt could induce moral
49 hazard among Member States, threatening the stability of the single currency;

50 ● Believing that the mutualization of national debt into a single European

51 instrument will gain political viability only once Member States achieve
52 comparable debt-to-GDP ratios, thereby eliminating the risk of a free lunch and
53 ensuring equitable risk-sharing;

54 JEF Europe, therefore, calls the European Council to create a Fiscal Union
55 structured around:

56 1. Fiscal capacity, which is the power to raise taxes through a European Tax
57 Authority, consisting only of autonomous revenues to ensure the Union possesses
58 the independent resources necessary to fulfill its mandates without relying on
59 national contributions;

60 2. Budgetary capacity providing macroeconomic stabilization and funding
61 essential European public goods, such as common defense and energy
62 infrastructure;

63 3. Permanent borrowing capacity to issue sovereign debt, providing a mechanism
64 to manage economic shocks;

65 4. Tightened fiscal rules at the national level to ensure long-term
66 sustainability and prevent moral hazard within the shared fiscal framework;

67 5. The democratic empowerment of the European Parliament, granting it the right
68 to initiate and amend fiscal proposals, ensuring that new European taxes are
69 subject to direct parliamentary oversight and approval;

70 6. Harmonization of national tax bases to reduce the administrative burdens and
71 market distortions caused by divergent fiscal rules.
72

73 Annex I

74 While the European Parliament acts as a joint authority for the annual budget,
75 its influence is constrained by the MFF. The European Council and the Council
76 retain primary control by setting the long-term political guidelines and
77 spending ceilings. Consolidated version of the Treaty on the Functioning of the
78 European Union, Part Six, Title II, Articles 312 and 314, EUR-Lex, Publications
79 Office of the European Union, EUR-Lex - 12012E/TXT - EN - EUR-Lex, 26 October
80 2012.

81 Annex II

82 **Tax harmonization refers to the partial alignment of national tax laws and the**
83 **unification of tax bases.**