

24 – Assessing Public Aid for True Green Digital Recovery: A Matter of Tax Good Governance in the EU

Marta Villar, Amparo Grau

All around the world, the initial tax policy responses to face the COVID-19 crisis were focused on alleviating cash-flow problems through temporary measures. After this fully understandable urgent reaction, it is time to be proactive and consider how an update of systemic aspects could play a key role in the European economic recovery in line with the UN Sustainable Development Agenda.

When confronting the economic difficulties caused by the COVID-19 outbreak, the EU State aid regulation has been relaxed to enable EU Member States to take swift and effective action to support citizens and undertakings. Simultaneously, an attempt has been made not to neglect the necessary green and digital twin transitions in accordance with EU objectives. Besides, resource efficiency and the transition to a circular economy have been more prioritized on the policy agenda.

In this complicated context, the targeted and proportionate application of EU State aid control serves to make sure that any national support measure is effective in helping the affected undertakings during the COVID-19 pandemic, but also in allowing them to bounce back from the current situation. This broad and multifaceted perspective of the State aid regime is theoretically aligned with the so-called “Next Generation EU budget”.

This paper will explore the current use of tax incentives and other financial measures in Spain in contrast to other selected member States under the scope of the EU law. The research will lay down a framework to identify dynamic tax proposals to move towards these declared objectives, and, in parallel, will detect the available degree of adaptability of the State aid regime, according to its nature and purpose.

The main issue at the heart of the problem resides in designing better concomitant control mechanisms. This leads us to explore either the expected advantage derived from cumulative control tools through coordination of different institutional efforts, or through a sector-by-sector (e.g. car industry) analysis to check how the regular and transparent evaluation of the impact of financial aid measures is being reviewed -or could be improved. The intention is to ensure coherence between the newly ecologically driven digital strategies, and the tax measures compliant with traditional, well-defined limits to harmful competition in the EU legal framework.

Lack of proper control entails serious risks, such as the segmentation of the internal market and a solidarity breach. This could be in detriment of social cohesion within the Union and consequently deserves careful attention.

Biographical note

María Amparo Grau Ruiz. PhD in Law at University Complutense of Madrid (UCM); MBA at University San Pablo-CEU. She is Full Professor of Financial and Tax Law at UCM and Visiting Professor of Transnational Taxation at Northwestern University. Member of the United Nations Subcommittee on Environmental Taxation issues. Head of the IUS-SustentaRSE research group and leader of several projects of the Spanish National Research Plan, like AudIT-S (Auditing sustainability with IT) or Certifica-RSE (Certify CSR). She has been invited by DG TAXUD and DG GROWTH as external expert at the Platform for Tax Good Governance and the Fiscalis Program. Prof. Grau has received the Mitchell B. Carroll Prize by IFA; Prix Pierre Coppens by the Revue Pratique des Societes-Université Catholique de Louvain; and the Prize by the Spanish Royal Academy of Jurisprudence and Legislation.

Marta Villar is Full Professor of Tax Law at CEU San Pablo University (Spain) and lawyer practicing European and tax law in Madrid. She has published and lectured extensively on a broad range of topics,

including environmental and energy taxes. She holds a PhD degree (*Cum laude*) from the University Complutense of Madrid and a master's degree on European Law from the *Université Libre de Bruxelles*. Her professional experiences include from attorney advisor in the Spanish firm J&A Garrigues and legal advisor of EU and tax law matter for more than 30 years. She is member of the EC of IFA and was external consultant of the European Commission (TAXUD). Prof. Villar has led many research projects and enjoyed several researches stay at different universities abroad. She was the Conference Chair of the 19th GCET.