



RESOLUTION

REDUCING THE TAX BURDEN ON EMPLOYMENT

Adopted at the YEPP Council of Presidents
in Bucharest on 5th October 2013

Recognising:

- Increased levels of taxation on labour, as has been, in effect, the case across the European Union since 2008 are a significant disincentive to employees and increase the cost burden to employers resulting in weakened competitiveness and a reluctance to expand and grow employee numbers;
- The European Union is still an area of high tax burden on labour compared to other developed (OECD) countries;
- A high level of taxation on labour can have multiple detrimental effects on employment. These effects tend to have a greater impact on some groups, notably low-skilled/low earners and young employees/graduates, as both the labour supply and labour demand of these groups, is, in most developed economies, more elastic.
- Taxation on labour encompasses employer's social security contributions, personal income tax and employees' social security contributions.

Acknowledging:

- The European Commission's Europe 2020 Strategy for the advancement of the economy of the European Union, which states raising taxes on labour, as has occurred in the past, at great cost to jobs, should be avoided.
- The Conclusions of the European Council of 27/28 June 2013 which recalled the importance of shifting taxation away from labour, including reducing social contributions, as appropriate, as a means of increasing employability and boosting job creation and competitiveness.
- The YouthEPP Job Creation Campaign and Three-Step Plan for tackling Youth Unemployment.

YEPP calls on:

- European Union members states to unilaterally aim for a gradual reduction in the level of taxation on labour thus reducing the cost of employing people, while boosting the competitiveness of the European economy;
- European Union member states to unilaterally make specific, targeted reductions in employer-paid social contributions where the employer has hired young people who were either previously unemployed for more than six-months or in full-time training/education.