Does a reflection of the fiscal discipline requirement exist during the euro implementation on tax systems?

Jan ŠIROKÝ, VŠB-TU Ostrava

Abstract

While previous states of the EU-15 could decide if they would accept the common European currency or not, newly entering states are committed to accepting the EUR. The first country that accepted the EUR (apart from the EU-15, of which 12 countries have the common currency) was Slovenia (2007), and afterwards Cyprus and Malta (2008), and from 1.1.2009 the EU was joined by Slovakia. Countries have to fulfill defined criteria to enter the EU, so it can be assumed that there are indirect but doubtless interconnections: taxes → state budget revenues → state budget balances → Maastricht criteria accomplishment (before the country enters the euro zone), or fulfilling the Stability and Growth Pact. The aim of this paper is to evaluate the possible influence of EUR implementation on tax systems in the selected countries. The author deals with the evaluation of EUR implementation consequences in the first 12 countries by means of a macro-economic characteristic analysis in the first part of the paper, and in the second part offers more detailed analyses of Slovenia, Cyprus, and Malta.

Keywords

Euro zone, euro implementation, stability and growth pact, taxes, tax quota.

JEL Classification: E62, F33, H20,

1 Department of Public Economics, Faculty of Economics, VSB-Technical University of Ostrava, Sokolská 33, 701 21 Ostrava, Czech Republic.
jan.siroky@vsb.cz