Combating harmful tax competition in the European Union

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The Committee has adopted the report by Mr Carlo SECCHI (EPP, I) welcoming the Commission's Communication outlining a package of proposals to tackle harmful tax competition between Member States. The package consists of three proposals: a Code of conduct for business taxation, a directive on taxation of income from savings and a directive on cross-border interest and royalty payments between companies. The Code of Conduct has already been adopted by the Council, and the Committee noted that several of Parliament's demands has been taken up by Council. The other two proposals are currently being considered by the Committee. While supporting the package of measures presented by the Commission, the Committee underlines that it can only be seen as the minimum set of rules necessary to counter the problem of harmful tax competition. It therefore calls upon the Commission to put forward proposals to include all areas where tax competition could have adverse effects, for example indirect taxation. Finally, the Committee calls upon the Member States not to use the "package approach" as a tool for delaying approval of the various parts thereof, i.e. by demanding simultaneous approval of all its constituent parts.