Small and medium-sized enterprises SMEs: improvement of the fiscal environment

1994/2076(COS) - 24/10/1994 - Text adopted by Parliament, single reading

- The European Parliament deplored the fact that tax harmonization measures required unanimity in the Council. Given the problems faced by SMEs, especially as regards VAT, the European Parliament called for progress to be made in finalizing the VAT system and for plans to be made to introduce a reduced rate for certain labour-intensive services. It called on the Commission to adopt compulsory measures for Member States which did not comply with its suggested tax harmonization measures. - On financing, the European Parliament pointed out that companies limited by shares were not always the most suitable legal form and that provision therefore needed to be made for a suitable and equivalent tax status for sole proprietorships and partnerships. - As regards complex administration, the resolution called on the Commission to examine the possibility of making enterprises subject to the tax legislation of the Member State in which they are registered. In order to avoid any risk of fiscal dumping, this measure would be confined to enterprises below a certain size. The European Parliament: - called on the Commission to coordinate the campaign against parallel economies in the Member States; - called on the Commission to deal with other sectors of interest to SMEs as quickly as possible and to formulate recommendations on the taxation of EEIGs, the taxation of partnerships and the concept of "business angels"; - urged the Commission to study possible financing techniques to strengthen SMEs' own resources; - called on the Commission to propose measures to reduce the number of jobs which may be lost, for various reasons, when ownership of prosperous SMEs is transferred; - trusted that the limitation on the tax on profits reinvested by sole proprietorships and partnerships which are subject to income tax would only apply where profits were ploughed back in order to safeguard or create jobs.