Taxation of undertakings: a common consolidated corporate tax base CCCTB

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The committee adopted the own-initiative report by Pier Luigi BERSANI (PES, IT) on a common consolidated corporate tax base within the EU. Noting that European companies are hampered by tax obstacles, problems of double taxation and high compliance costs when they invest or operate in another Member State, the committee welcomed the Commission's new proposals for a common consolidated corporate tax base at European level for large companies and the "experimental and considered" introduction of the system of home state taxation for SMEs.

MEPs argued that the common consolidated corporate tax base would make it possible to determine the taxable revenue of a group of companies according to a set of common rules defined at European level. This would be the best way of tackling the tax obstacles hampering companies' cross-border activities, which had a negative impact on economic growth and corporate competitiveness in both the internal EU market and the international market. The committee stressed that the aim would be to remove barriers set up by different national tax systems, to reduce bureaucracy and compliance costs, to create equal conditions for companies based in different Member States and to remove problems of double taxation and tax evasion.

The report reaffirmed that this would not in any way prejudice the fundamental rights of the Member States on tax matters, in particular the right to set the rates of national corporate taxation. MEPs regretted that some Member States still rejected the need for greater cooperation on tax matters, in particular tax bases applicable to companies. They said that the best way forward would be via an EU regulation creating a common tax base and a method of apportionment among the Member States, allowing companies to offset and consolidate profits and losses globally throughout the EU. A "second-best option" would be to use the enhanced cooperation mechanism, which allows some Member States to go ahead with a project applying only to those in favour if the necessary unanimity for EU-wide action cannot be reached. The committee advocated a step-by-step approach, initially giving companies the choice between existing national tax bases and a European tax base, followed by an assessment to examine the advisability of moving to a compulsory common consolidated tax base.

On the issue of home state taxation for SMEs, the committee supported the Commission proposal for a pilot project to test the scheme, which would allow SMEs to calculate the taxable revenue of a parent company and all its branches and subsidiaries in other Member States by applying the tax rules of the home State. It pointed out, however, that it would be necessary to establish a mechanism for sharing the tax revenue between the participating Member States.