Basic information

1994/2076(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Small and medium-sized enterprises SMEs: improvement of the fiscal environment **Subject** 3.45.02 Small and medium-sized enterprises (SME), craft industries 3.45.04 Company taxation	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs, Industrial Policy	THYSSEN Marianne (PPE)	07/09/1994

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs, Citizens' Rights	The committee decided not to give an opinion.	

Council of the European Union

Key events

Date	Event	Reference	Summary
25/05/1994	Non-legislative basic document published	COM(1994)0206	Summary
21/07/1994	Committee referral announced in Parliament		
12/10/1994	Vote in committee		Summary
12/10/1994	Committee report tabled for plenary	A4-0024/1994	
24/10/1994	Debate in Parliament		
24/10/1994	End of procedure in Parliament		
21/11/1994	Final act published in Official Journal		

Technical information

Procedure reference	1994/2076(COS)
Procedure type	COS - Procedure on a strategy paper (historic)

Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	ECON/3/05612

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A4-0024/1994 OJ C 323 21.11.1994, p. 0005	12/10/1994	
Text adopted by Parliament, single reading		T4-0045/1994 OJ C 323 21.11.1994, p. 0014-0016	24/10/1994	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(1994)0206	25/05/1994	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1403/1994 OJ C 397 31.12.1994, p. 0053	21/12/1994	

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

1994/2076(COS) - 25/05/1994 - Non-legislative basic document

The purpose of this communication is to set out the Commission's approach to the taxation of SMEs. It contains guidelines on how to create a more lenient tax environment for SMEs, in order to encourage new SMEs and foster their subsequent development. Only aspects of direct taxation are addressed here; measures relating to indirect taxation are due to be tabled by the end of 1994, mainly in the light of the reports and proposals submitted during the review of the VAT system. The communication identifies three main problems: - the need to attract sufficient financial resources, both from self-financing and from venture capital. As far as self-financing is concerned, the Community approach, as reflected in the work of the Ruding committee in 1990, is to limit the tax liability on profits ploughed back. As far as the taxation of venture capital is concerned, the Commission is currently conducting a survey in the Member States, following which it will be in a position to table a recommendation based on the best practices; - complex administration, especially in the case of transnational activities: the recommendation suggests taxation solely in the state of registration as one possible solution, although it does admit that a number of precautions will need to be taken in order to prevent abuse; - continuing trading in the event of transfer of ownership: the Commission promises to issue a guideline on reducing the tax liability on successions and donations where the enterprise continues to trade. It also plans to find ways of resolving problems of double taxation which may arise where ownership is transferred abroad. The Commission promises to organize far-reaching consultations with the Member States and other interested parties on all these questions.

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.