Question for written answer E-002478/2016
to the Commission
Rule 130
Nikolaos Chountis (GUE/NGL)

Subject: Establishment of Greek companies in Bulgaria in order to avoid taxation

Recently 60 000 Tax Identification Numbers (TIN) have been created by Greek businessmen in Bulgaria, seeking to take advantage of the extremely low rate of taxation in that country. Out of a total of 11 500 Greek-owned businesses in Bulgaria, only 1 000 are active (subsidiaries), 84% do not employ even one worker, while 45% have no entrepreneurial activity at all in Bulgaria.

Given that:

- In accordance with the European Action Plan (June 2015) 'profits generated in the EU (should be) taxed at the place where the actual activities take place';

- According to the European Code of Conduct, tax competition exists where 'advantages are granted (by one Member State to a company from one Member State) even without any real economic activity …within the Member State offering such tax advantages';

- Article 4 of the OECD Convention with respect to Taxes on Income and Capital provides that the principal criterion determining the State in which the taxpayer pays taxation shall be that he has a 'centre of vital interests', including company ownership, in that State;

Will the Commission say:

Under what conditions is Bulgaria obliged to gather the necessary data to investigate the actual business activities of Greek-owned businesses?

Is Bulgaria bound to implement Article 4 of the OECD Convention in respect of the profits of Greek businessmen who are declared as based in Bulgaria, but are not involved in any real business activities in that country?