



2015/2010(INL)

11.11.2015

OPINION

of the Committee on Industry, Research and Energy

for the Committee on Economic and Monetary Affairs

Bringing transparency, coordination and convergence to Corporate Tax
policies in the Union
(2015/2010(INL))

Rapporteur: Massimiliano Salini

(Initiative – Rule 46 of the Rules of Procedure)

PA_INL

SUGGESTIONS

The Committee on Industry, Research and Energy calls on the Committee on Economic and Monetary Affairs, as the committee responsible to incorporate the following suggestions into its motion for a resolution:

1. Welcomes the recent initiatives of the Commission and encourages Member States to intensify tackling tax fraud, tax evasion and tax avoidance, promoting clearer, more transparent and fairer tax rulings, combatting aggressive tax planning, avoiding double-taxation and non-taxation, and bringing to an end unfair harmful fiscal competition between them;
2. Calls for a re-launch of the Common Consolidated Corporate Tax Base (CCCTB) scheme and urges for its full implementation, based on comprehensive impact assessment, respecting the subsidiarity and including proper tools to avoid its abuse; believes that CCCTB should avoid unnecessary administrative burdens and the cost of compliance and should close loopholes between national systems; believes also that CCCTB should complement the introduction of a public and transparent country-by-country reporting for multinational companies;
3. Recalls that, despite recent developments, no significant decisions are being taken at Council level on corporate taxation and believes that CCCTB is a critical step towards further Union integration;
4. Acknowledges the Commission's approach of putting forward a simple CCTB (without consolidation) as a first step and that, until consolidation is re-introduced at a later stage, the Commission will include an element of cross-border relief; points out that this element is not a perfect substitute for consolidation and time would be necessary to make this new regime fully operational;
5. Believes that fiscal policies and corporate taxation should be an important tool to boost innovation, competitiveness, growth, jobs and investments; believes that the Member States must, by a more efficient, significantly less evasive, more transparent and fairer tax treatment for all companies, promote an attractive, competitive and stable business environment that would allow businesses, including small and medium-sized enterprises (SMEs), innovative business, family businesses, self-employed people and liberal professions to operate more simply across the borders within the Union, including for the purpose of attracting more foreign investment; deplores the use of aggressive tax planning instruments by multinational companies which have an advantage over SMEs and thus contribute to reducing their competitiveness; calls for promotion of competitive, simple, more coordinated tax systems with a reduced number of tax exemptions and removal of harmful tax measures in close cooperation with and among the Member States;
6. Strongly believes that combating tax fraud, tax evasion and tax avoidance should take place within a wider context and in line with OECD recommendations; calls on the Commission to bring forward a proposal to establish criteria to define 'tax havens' based on a Union definition and to negotiate tax agreements with third countries on behalf of the Union in this matter; stresses that the lack of a common definition distorts the internal market causing legal uncertainty;

7. Stresses that taxes and dividends must be paid in countries where economic activities take place or value is added and where public services and infrastructures are used; calls the Member States to respect those principles in national tax laws; regrets that the over-complexity and differences in national tax systems are used for aggressive tax planning purposes;
8. Stresses in this respect the need for clear, transparent and coherent rules on the accounting of profits and value creation;
9. Supports the principle of transparency and of automatic exchange of information in tax rulings among tax authorities; notes that this can increase confidence between Member States; believes that tax rulings are used to ensure legal certainty and business-friendly environment for tax payers;
10. Points out that digitalisation also challenges national tax systems and cross-border activities; emphasises in this respect the need for a consistent application of general principles of corporate taxation; calls on the Commission to promote a harmonised definition of the 'permanent establishment' and 'economic substance' of digital enterprises, with a view to improving the evaluation of profits generated in a given area so that tax contributions can be set accordingly;
11. Believes that fundamental corporate governance principles of transparency and accountability will contribute to a strong and stable economy by reducing market volatility and increasing trust in businesses; calls for public, country-by-country reporting on large enterprises in all sectors to increase transparency regarding their activities, in particular regarding profits made, taxes on profit paid and subsidies received; believes that mandatory reporting in this area is an important element of the corporate responsibility of companies to shareholders and society;
12. Believes that the internal market needs a more transparent, cooperative and progressively harmonised taxation framework in order to function effectively; stresses the fact that, in the current situation, Union SMEs can face unfair competition compared to multinational corporations, which could artificially design their structure in order to lower their tax rates;
13. Believes that the sovereign rights of Member States should be taken into consideration, as well as the diversity of economic, commercial and corporate sectors in terms of how they affect growth and development as well as social cohesion in the Member States and in the Union as a whole;
14. Underlines the importance of ensuring that objective tax transparency is achieved while guaranteeing personal data protection, confidentiality of information exchanged and freedom to conduct a business; encourages, in this context, the identification of solutions that strike a balance between transparency and confidentiality;
15. Stresses that Union initiatives should avoid an unnecessary increase in the administrative burden and the cost of compliance; believes that all proposals should lead to greater legal certainty, transparency, simplicity and rapidity of the administrative process;
16. Recalls that, despite the efforts made, there are still cases of double taxation to be resolved; encourages easier, quicker and more transparent solutions, in particular for

- SMEs, the self-employed and the liberal professions; suggests the simplification of utilisation of the credit coming from taxes paid in a foreign country;
17. Notes that the complexity of bilateral and multilateral tax treaties often creates loopholes that enable tax avoidance in conjunction with domestic taxation schemes;
 18. Stresses the need for an automatic, transparent, immediate and exhaustive exchange of information, including tax rulings, between relevant tax authorities, which could be in form of a Union central directory and encourages better information exchange between competent authorities on taxation matters;
 19. Considers that the Commission and Member States should further deploy electronic solutions in taxation-related procedures to reduce administrative burdens and simplify cross-border procedures;
 20. Stresses the importance of strong tax sovereignty and calls for the retention of taxation as a national competence in each Member State in accordance with the Treaty; nevertheless encourages a stronger information exchange between competent authorities on taxation matters;
 21. Suggests that the Commission assess the impact of existing special economic zones in the Union, used to boost growth and economic recovery in delimited area, such as border areas, deeply affected by the crisis or with a high rate of unemployment; encourages, in this regard, the exchange of best practices between tax authorities; stresses that policies designed to provide tax benefits to disadvantaged regions must be in line with the Union goals of establishing greater tax transparency and tackling tax evasion and fraud and must not undermine the existing EU legal framework for regional aid;
 22. Requires that the access to information on ultimate beneficial owner(s) of companies present in the Union pursuant to Directive (EU) No 2015/849 of the European Parliament and of the Council¹ also include information on global effective corporate tax rate of companies on the basis of financial accounts established and published under Directive 2013/34/EU of the European Parliament and of the Council² and that access to that information is available directly, online, without unnecessary formalities and that it is provided in a language easily understandable to the relevant public authorities;
 23. Stresses that a precondition for establishing economic stability in the Union in the long term is the achievement of a fiscal union;
 24. Considers that initiatives for more effective corporate taxation should include proposals to improve the business environment for start-ups such as tax incentives for investors to reinvest capital gains in higher-risk small Union businesses or clarified taxation rules for share options;

¹ Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).

² Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

25. Until the full implementation of CCCTB, underscores the need to support the work of its Special Committee on Tax Rulings and Other Measures Similar in Nature or Effect investigating the misuse of patent boxes, letterbox companies, and other fiscal engineering practices designed to avoid or minimise taxes, since any tax avoidance ultimately translates into larger public debt and/or an increase of taxes on SME and citizens;
26. Invites the establishment of a rule that public entities, including the Union, Member States and enterprises owned by them, cannot pay out public money to companies that have not disclosed their ultimate beneficial owner(s), global effective corporate tax rate and country-by-country reports;
27. Asks the Commission to propose harmonised criteria for the exemption from tax of companies' R&D investments, with a view to realising the Union target for research spending of 3 % of GDP by 2020;
28. Calls for the Commission not to refrain from making use of Article 116 TFEU which provides the necessary legal basis for Parliament and the Council to act according to the ordinary legislative procedure in order to eliminate practices that result in a distortion of competition in the internal market, such as fiscal competition as applied by the Member States through non-transparent and unfair tax rulings;
29. Urges the Commission to bring forward as soon as possible a legislative proposal for the introduction of CCCTB to improve the business environment and to combat tax avoidance in the Union.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	10.11.2015
Result of final vote	+: 49 -: 8 0: 4
Members present for the final vote	Zigmantas Balčytis, Nicolas Bay, Bendt Bendtsen, Reinhard Bütikofer, Jerzy Buzek, Philippe De Backer, Pilar del Castillo Vera, Christian Ehler, Peter Eriksson, Fredrick Federley, Ashley Fox, Adam Gierek, Juan Carlos Girauta Vidal, Theresa Griffin, Marek Józef Gróbarczyk, Roger Helmer, Hans-Olaf Henkel, Kaja Kallas, Barbara Kappel, Krišjānis Kariņš, Seán Kelly, Jeppe Kofod, Miapetra Kumpula-Natri, Janusz Lewandowski, Paloma López Bermejo, Ernest Maragall, Edouard Martin, Dan Nica, Angelika Niebler, Morten Helveg Petersen, Michel Reimon, Herbert Reul, Paul Rübig, Algirdas Saudargas, Jean-Luc Schaffhauser, Neoklis Sylikiotis, Antonio Tajani, Dario Tamburrano, Patrizia Toia, Evžen Tošenovský, Claude Turmes, Miguel Urbán Crespo, Vladimir Urutchev, Adina-Ioana Vălean, Kathleen Van Brempt, Henna Virkkunen, Martina Werner, Anna Záborská, Flavio Zanonato
Substitutes present for the final vote	Ian Duncan, Cornelia Ernst, Jude Kirton-Darling, Olle Ludvigsson, Marian-Jean Marinescu, Clare Moody, Massimiliano Salini, Maria Spyrali, Pavel Telička
Substitutes under Rule 200(2) present for the final vote	Isabella Adinolfi, Paul Brannen, Nessa Childers