

# Juncker to MEPs on current corporate tax rules: "We should create some order!"

[17-09-2015 - 16:36]

**"The current system of corporate tax rules is unfit for purpose and unjust. Some companies are losing out, whereas others win by hiding behind a variety of national rules", Commission President Jean Claude Juncker told MEPs at a joint meeting of the committees for Tax Rulings and for Economic and Monetary Affairs on Thursday. "We need a better insight into how multinational companies behave and how they make use of the differences between countries. Then we should create some order!", he added.**

Mr Juncker said that fighting fraud and tax avoidance and evasion are among his Commission's top ten priorities. "We need to move towards tax harmonization. The internal market is incomplete in the area of corporate taxation", he told MEPs in his opening remarks. He also pointed to the difficulties of aligning all EU member states - which have a veto on tax issues - but cited the example of the harmonized systems used to collect Value Added Tax (VAT) and excise duties to show that a common approach is not impossible.

## Council committee on taxation?

Mr Juncker suggested that the Council should establish a committee on taxation, like that on financial and economic issues. Such a committee should build on the work of the current Code of Conduct Group in the Council and report to ministers. "We should also convince our partners in the G20 group to better adjust our systems. But we should also be prepared to go ahead without them", he added.

Asked about his past role as Luxembourg's finance minister, Mr Juncker said that he had never stated a position on individual rules set by the Luxembourg tax authorities. "Of course I met with companies like Commerzbank, but I never talked about tax issues with them", he said. Mr Juncker was clearly not pleased by MEPs' continuous references to "Luxleaks": Tax rulings are common practice in many member states. It should instead be 'EUleaks', he said.

## Level playing field

Burkhard Balz (EPP, DE) asked what he should tell the Small and Medium Sized firms that ask him why they have to meet all their tax obligations whereas big multinationals pay almost none. Mr Juncker replied that the Commission was working for greater tax equality. "First of all, we need to move forward on a common corporate tax base", he said.

## Transparency

Rapporteur Elisa Ferreira (S&D, PT) said that the committee's fact-finding work had taught her that eroding other countries' tax bases is common practice in the EU. She insisted that member states are overly secretive when it comes to tax agreements. The Tax Rulings Committee's co-rapporteur, Michael Theurer agreed that discussion among member states needs to be more open: "Which countries encourage companies to relocate? Which countries are blocking possible solutions? And why can we not get access to key documents?", he asked.

Sven Giegold (Greens, DE) said that the proceedings of the Council's Code of Conduct group needed to be more transparent: "We want to know who blocked decisions", he insisted. He added that if this committee was not in a position to fulfil its mandate, then an

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inquiry committee (with greater investigative powers), should be established instead.

## Whistle blowers

Bernd Lucke (ECR, DE) said that whenever a company relocates within in the EU, a check should be done to ascertain whether it has been promised tax benefits in its new host country. GUE's Fabio de Massi (DE) insisted whistle blowers, like Antoine Deltour, should receive better protection, instead of being prosecuted. Mr Juncker agreed, but said this would require a European approach.

## What's cooking?

Commissioner Pierre Moscovici explained that he - like Mr Juncker - favours a common consolidated corporate tax base, but that this requires a step-by-step approach: "We should start with a common base and in a second phase we might try for consolidation, so as to combine the possible with the desirable", he told MEPs.

On the possibility of introducing mandatory country-by-country reporting for multinational companies, Mr Moscovici said he wanted to see the results of a public consultation and an impact study first. He was more reticent about the possibility of sharing more tax-related information with Parliament: "There are limits to what we can transfer", he said..

## Further information

- Special Committee on Tax Rulings and Other Measures Similar in Nature or Effect: <http://www.europarl.europa.eu/committees/en/taxe/home.html>
- Committee on Economic and Monetary Affairs: <http://www.europarl.europa.eu/committees/en/econ/home.html>
- Video extracts from the debate: <http://audiovisual.europarl.europa.eu/Assetdetail.aspx?ref=I108494>

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