Tax rulings: “We need a common corporate tax base”, says Commissioner Vestager

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Why did the EU Commission take so long to launch investigations into member states' tax rulings? Is its strategy to go only after small countries, such as Belgium, the Netherlands, Luxembourg and Ireland? Will the instruments available to it suffice? And if not, what would it take to do away with unfair tax competition?

These questions were raised by MEPs in Tuesday's Special Tax Rulings Committee debate with competition Commissioner Margrethe Vestager.

"There is a lot of secrecy around tax rulings. Member states are not transparent about their rulings and exchange very few of them", said Ms Vestager in her opening remarks. She argued that taxes should be paid where business take place, but admitted that "from that point onwards it gets complicated", because "Companies move cash around in various ways, they have pricing arrangements, managerial arrangements or lending between branches".

Commission tax proposals stuck since 2012

Asked why the Commission had taken so long to table proposals to put an end to the distortion of competition by special tax arrangements between national authorities and multinational companies, Ms Vestager pointed to a lack of progress in talks among EU member states, who decide on tax issues only by unanimous votes. "I was in the Danish government in 2012 when the Commission tabled its action plan on taxation issues. The member states have moved nowhere since then", she said.

Automatic information exchange and common corporate tax base

Asked about the instruments at her disposal, Ms Vestager said "If member states don't provide the necessary information, we can give injunctions. We can launch infringement procedures and we can take them to court if we don't get the info we need to do our work. But for the Commission to work in a dedicated, fast and just manner, we need at least the automatic exchange of information on tax rulings and a common consolidated corporate tax base (CCCTB). We might also have to prepare guidelines for member states to explain in detail what is allowed and what is not. But for that we need more case law".

No coalition of the willing

Asked whether enhanced cooperation within a group of member states would help deliver a common consolidated corporate tax base, Ms Vestager said "enhanced cooperation between a coalition of the willing is not a good idea, as it might scare member states away and because competition is important for all the EU member states".

Not after small countries
Asked by Irish MEP Brian Hayes (EPP) "why the Commission only goes after small countries", Ms Vestager said that "there is no pattern. We have now asked every country about their tax rulings. With our limited resources, we look at cases that will set a precedent, so that we generate incentives for member states to change", she added.

_In the chair: Alain Lamassoure (EPP, FR)_

Further information


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