

AMENDMENTS 001-003

by the Committee on Economic and Monetary Affairs

Report

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A7-0314/2011

System of taxation applicable in the case of parent companies and subsidiaries of different Member States

Proposal for a directive (COM(2010)0784 – C7-0030/2011 – 2010/0387(CNS))

Amendment 1

Proposal for a directive

Recital 9

Text proposed by the Commission

(9) In relation to the treatment of permanent establishments Member States may need to determine the conditions and legal instruments in order to protect the national tax revenue and fend off circumvention of national *laws*, in accordance with the Treaty principles and taking into account internationally accepted tax rules.

Amendment

(9) In relation to the treatment of permanent establishments Member States may need to determine the conditions and legal instruments in order to protect the national tax revenue and fend off circumvention of national *law*, ***and to avoid extreme forms of under-taxation or non-taxation***, in accordance with the Treaty principles and taking into account internationally accepted tax rules.

Amendment 2

Proposal for a directive

Article 4 – paragraph 1 – point a

Text proposed by the Commission

(a) refrain from taxing such profits; or

Amendment

(a) refrain from taxing such profits ***if they have been taxed in the State of the subsidiary at a statutory corporate tax rate***

not lower than 70% of the average statutory corporate tax rate applicable in the Member States; or

Amendment 3

Proposal for a directive

Article 4 – paragraph 1 – point b

Text proposed by the Commission

(b) tax such profits while authorising the parent company and the permanent establishment to deduct from the amount of tax due that fraction of the corporation tax related to those profits and paid by the subsidiary and any lower-tier subsidiary, subject to the condition that at each tier a company and its lower-tier subsidiary fall within the definitions laid down in Article 2 and meet the requirements provided for in Article 3, up to the limit of the amount of the corresponding tax due.

Amendment

(b) tax such profits ***at a statutory corporate tax rate not lower than 70% of the average statutory corporate tax rate applicable in the Member States*** while authorising the parent company and the permanent establishment to deduct from the amount of tax due that fraction of the corporation tax related to those profits and paid by the subsidiary and any lower-tier subsidiary, subject to the condition that at each tier a company and its lower-tier subsidiary fall within the definitions laid down in Article 2 and meet the requirements provided for in Article 3, up to the limit of the amount of the corresponding tax due.