

2016: year of corporate tax reform and fiscal transparency, Moscovici tells MEPs

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2016 should be the year of corporate tax reform and fiscal transparency, tax Commissioner Pierre Moscovici told MEPs from the Special Committee on Tax Rulings and the Economic and Monetary Affairs Committee at a hearing on Monday evening. “We have a serious problem with tax avoidance and lack of transparency. Too many people have looked the other way”, Mr Moscovici said.

MEPs from most political groups encouraged the Commissioner to show ambition and go beyond the recent agreements in the OECD and G20 against tax base erosion and profit shifting (BEPS).

Base Erosion and Profit Shifting

Mr Moscovici promised to present an ambitious anti-tax avoidance package by the end of January. This package, which he said would be the cornerstone of his work in the coming months, is to include legal and non-legal proposals focusing on both the internal (EU) and external (third countries) dimensions.

Mr Moscovici also mentioned the tax transparency package and the action plan for corporate taxation initiatives, which are already under way. He nonetheless noted that the Council of Ministers may find it difficult to agree on ambitious measures, as unanimity is the rule for taxation and some member states are showing resistance.

Consolidated Common Corporate Tax Base in two phases

The Commission is in favour of a consolidated common corporate tax base (CCCTB), but is taking a two-phase approach starting with the common corporate tax base. Consolidation should follow in phase two, said Mr Moscovici, adding that “We will start with the anti-BEPS directive at the end of January, as for that we have already agreement at the level of the G20 and OECD”.

Country-by-country reporting

Turning to Parliament’s recommendation that country-by-country reporting of profits made, taxes paid and subsidies received by multinationals should be made both mandatory and public, Mr Moscovici said the impact assessment for such a measure was under way and that he would come up with proposals, probably in the spring of 2016, together with his colleagues Jonathan Hill and Věra Jourová. He nonetheless warned that such a measure should not lead to negative competition effects for EU-based companies.

State aid in BENELUX-countries

Referring to decisions taken by competition Commissioner Margrethe Vestager on state aid in Luxembourg (Fiat), the Netherlands (Starbucks) and Belgium (“Excess profit” scheme), many MEPs urged that the tax that these countries must recover from companies should not go to the “guilty” countries themselves, but elsewhere, as is in other competition cases.

Minimum effective tax rate

Many MEPs asked Mr Moscovici for his take on the feasibility of a minimum effective tax rate, but like Luxembourg Finance Minister Pierre Gramegna, he stressed that discussion

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on this in the Council was difficult.

Substandard information exchange on tax rulings

Earlier on Monday Economic and Monetary Affairs Committee MEPs told Mr Gramegna, in a meeting on the achievements of Luxembourg's outgoing EU presidency, that EU member states' exchange of information on tax rulings was "substandard". They noted that the information provided is "minimal" and of little help to Commissioner Vestager in investigating whether state aid rules have been breached.

Further information

- EP-live: <http://www.europarl.europa.eu/ep-live/en/plenary>
- Dynamic package containing videos and photos:: <http://audiovisual.europarl.europa.eu/Page.aspx?id=2474>
- EbS+: <http://ec.europa.eu/avservices/ebs/schedule.cfm?sitelang=en>
- Special Committee on Tax Rulings and Other Measures Similar in Nature or Effect (TAXE 2): <http://www.europarl.europa.eu/committees/en/tax2/home.html>

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