

Accountancy Europe CEO talking points @ EP ECON hearing

3 May 2017

[final draft CHECK AGAINST DELIVERY]

[Introduction]

Mister chairman, distinguished members of the EP, thank you for this opportunity to contribute to your work on improving tax policy in Europe, an objective to which my organisation is very committed.

In the interest of time, I won't introduce Accountancy Europe but it is important to outline that our members are professional institutes (and not individual accountants or firms) and that the professionals represented by our members work in various capacities in the private but also in the public sector.

[CCCTB]

I will first comment on the CC or CCC-TB.

Accountancy Europe is still working on it as, like the Council, we do not yet have a final position as there are different viewpoints.

This shouldn't be a surprise as such a proposal inevitably creates winners and losers, at least on the short term, with the reapportionment of tax revenue amongst member states.

Arbitrating between short term individual pain and long term collective benefit is not a dilemma this continent has been particularly good at resolving.

We need to consider how to make the CCCTB acceptable to those member states for whom tax competitiveness is a cornerstone of their economy.

The proposals are simple and readable which, for tax law, is as much welcomed, as unusual: that's the advantages of starting from a blank page.

The R&D super credit for small start-ups also looks like a good approach, although more impact analysis would be useful, as well as a study of the possible threshold or deadweight effects.

Similarly, it is good to try to correct the debt-equity bias, but given the current level of interest rates, it is unsure whether the proposed measure will make a big difference in practice. However, there are worries in member states that its cost may be disproportionate.

Having said that, these features may make the CCCTB very helpful for one critically important population: the SMEs that are active on the internal market and that we would all like to see thriving.

Finally, I don't think we should expect the CCCTB to be much of an anti-tax avoidance measure; although as a simplification, it will contribute to reducing the possibility for tax avoidance (but only within the EU).

[\[TAXE Committee follow up\]](#)

Beyond the CCCTB, I would also like to acknowledge the outstanding leadership demonstrated by the Commission and the Parliament (ECON and TAXE) in tax policy.

I would like to share 3 thoughts in this respect. We need:

- International cooperation
- Transparency, and
- Smart regulation.

International cooperation: the efficiency of the fight against tax avoidance largely depends on a coordinated approach at international level. In this respect, we support:

- The Commission's ambition to review the Code of Conduct Group
- The TAXE committee idea to set up a Tax Policy Coherence and Coordination Centre which could help tax certainty, a sine qua non condition to investments.

Transparency: Accountancy Europe supports not only more *but* better transparency in tax matters.

- We support public CBCR and to make things happen in practice, we developed a template to help companies who voluntarily publish tax country by country reports.
- The promoters of pre-packaged aggressive tax planning schemes should disclose these schemes. Apart from that, any disclosure should be by the taxpayer – they are responsible for their tax affairs and may be the only ones to know the full details.

Smart regulation: we should not forget that the principles of better regulation and the rule of law must apply also in the field of taxation, especially if sanctions are considered.

- I can see merit in the idea of a code of conduct covering tax advisory services; but to be effective such a code will need to cover *all* providers of tax services. It must be based on the activity practiced not on a profession or sector; otherwise the public policy objective will be missed.
- The rules regarding the provision of tax services by audit firms have just been significantly tightened by the recent Audit reform (Regulation 537/2014) which is even not yet transposed in all member states. Therefore the TAXE committee was right in saying that the first thing to do is to monitor and assess the impact of these new rules: regulatory stability and certainty are indispensable.

Finally I would like to assure you that professional accountants take their role and responsibility very seriously.

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In day-to-day practice, the vast majority of professional accountants are instrumental in ensuring that today's tax systems work despite their complexity and that taxpayers comply with their obligations.

When we advise the public sector, it is at the public sector's request because they see the benefits; it is an efficient use of resources as long as ethical standards are met, which, in the vast majority of cases, is the case.

As a profession, we are committed to take the public interest into account in all our work and, as in the past, your Parliament can count on us.

Thank you.