

The role of tax incentives and exemptions in the framework of the reform of corporate taxation in the promotion of European economies competitiveness

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Outline of presentation

General comments:

- Exemptions: incentives versus compliance costs / simplification or complexity
- Impact of non-harmonised tax exemption on effective tax rates
- Main issues for SMEs – compliance costs and level playing field
- Support for common tax base
- Support for exemptions related to compliance
- Support for OECD agreement

Comments on taxation of research and development

- Market failures justify incentives for RDI
- Impact of tax incentives on different types for companies
- Tax incentives versus grants and financial instruments

Comments on DEBRA

- Debt equity bias in long lasting concern of SMEUnited
- Bias leads to sub-optimal results as regards financing of SMEs
- DEBRA is a welcomed initiative
- Allowance should be based on overall equity and not only on increase or allowance should be cover more than 10 years
- Strong concerns as regards the reduction of deductibility of interest rates for loans

- Doubts about likelihood that DEBRA will be adopted