

WRITTEN QUESTION P-3082/10
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to the Council

Subject: Notional interest and company profits

Private investment in European companies should be encouraged as a means of helping bring the crisis to an end.

In Belgium, notional interest is one of the tools used to stimulate such investment. This instrument allows companies to deduct notional interest when they invest in equity.

Unfortunately, in many cases in Belgium, there have been, or there are plans for, large-scale redundancies at certain companies benefiting from this system, the cost of which for public finances is high and whose impact in terms of economic activity and employment is very difficult to estimate.

Moreover, the Commission has written to Belgium expressing its concern that the system might discourage Belgian companies from investing abroad, where the system does not apply.

Under the stability pact, Member States are often recommended to reduce their social expenditure, despite the fact that such expenditure is vital to tackling the consequences of the crisis. However, they are not so often requested to ensure that the objectives of certain tax advantages (in this case, investment in companies to stimulate employment) are attained.

Can the Council indicate what stage has been reached in the Commission's investigation into the way the notional interest system is applied in Belgium?

Are there grounds to hope that these aspects of Member States' budgetary stability will in future be given at least as much attention by the ECOFIN Council as Member States' social expenditure?