

Taxation

MEPs split over common corporate tax base

By Tanguy Verhoosel | Tuesday 29 November 2011

Members of the European Parliament's Committee on Economic and Monetary Affairs (ECON) expressed diverging views, on 29 November, on the Commission's proposal to establish a common consolidated corporate tax base (CCCTB) in the Union and on the related report by Marianne Thyssen (EPP, Belgium). The committee began its review of the draft report by the Flemish MEP (a consultation procedure has been opened), on which it will vote on 6 February 2012, a month before the text is put to the vote in plenary.

Thyssen supports "overall" the Commission's proposal to establish EU rules that would enable groups to consolidate the profits and losses of its different member companies and then to divide up the tax base among the countries where its members are established, on the basis of three factors: turnover, labour force and fixed assets. The system would be applied on a voluntary basis.

According to the MEP, the common consolidated corporate tax base represents an "instrument essential to completion of the internal market and to European economic integration". It will help increase "transparency, justice and fiscal efficiency," in her view, and reduce compliance costs for companies that operate transnationally. The CCCTB will also make the EU more attractive to foreign investors, says Thyssen.

She is therefore recommending application of the CCCTB at EU level. Should that prove impossible due to opposition by certain states, which is already obvious, 'enhanced cooperation' should be launched in the entire eurozone.

The Belgian MEP drafted only 13 amendments, taking account of the different approaches to the subject. Parliament must now be "realistic" if it hopes to exercise a "positive influence on the Council," she stated.

"The time has not yet come" to make the CCCTB compulsory or to demand European harmonisation of corporate tax rates. For Thyssen, these matters should nevertheless be reviewed five years after the new system enters into force if it is approved. The Commission is counting on 2016.

Her views are shared by Eurosceptic MEP Ivo Strejcek (ECR, Czech Republic), who finds the rapporteur's approach "very reasonable". On the other hand, certain members of Thyssen's EPP group, including Ildikó Gáll-Pelcz (Hungary) and Gay Mitchell (Ireland), are critical. Relaying her country's position, the Hungarian MEP observed that "management of the system is problematic" because it will penalise certain states. The Irish EPP member emphasised the misgivings voiced about the CCCTB by the national parliaments of nine member states, which find that the Commission infringes the proportionality and subsidiarity principles.

The fiercest criticism came from the ranks of the Socialists, Greens and Liberals, however.

For Liem Hoang-Ngoc (S&D, France), only a compulsory system and genuine harmonisation of tax rates can effectively combat the scourge of fiscal optimisation and dumping in the EU. He therefore recommends the organisation of a “European fiscal snake” to start, which would at least help approximate corporate tax rates in the absence of harmonisation.

Noting that fellow Belgian member Thyssen is on a “slippery slope,” Philippe Lamberts (Greens-EFA, Belgium) expressed support for Hoang-Ngoc’s ideas and also will campaign for Parliament to adopt a “bold approach”.

Committee Chair Sharon Bowles (ALDE, UK) echoed Lamberts’ views, noting that it would be advisable to “consider the creation of a range of rates”.

Sylvie Goulard (ALDE, France) described the Thyssen report as “a bit light” and suggested that it might be best to “move towards a more binding system, including on rates,” at eurozone level.

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