



## CCCTB: Is the path clear?

### FEE Tax Policy Roundtable

15 November 2016, Brussels

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## Summary

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On 15 November 2016 the Federation of European Accountants (FEE) organised a tax policy roundtable focusing on the European Commission's re-launch of the **Common Consolidated Corporate Tax Base (CCCTB)** proposal in two separate Directives. The event brought together almost 100 representatives from the policy-making, civil society, professional and business communities.

The roundtable discussion focused not so much on the technical details of the CCCTB, but rather on high-level questions and the dimension of political feasibility after the original 2011 proposal failed to secure unanimous support from EU Member States. The core questions addressed included what are the main differences between the 2011 and 2016 proposals, whether CCCTB is more likely to be adopted this time or not, and why.

FEE Manager for taxation, **Paul Gisby**, welcomed the attendees and speakers. He introduced the topic of the roundtable, framed the main areas of focus for discussion, and introduced the keynote speaker, **Mr Uwe Ihli**, Head of Sector at DG TAXUD of the European Commission. In his speech, Mr. Ihli provided the context and an overview of the re-launched CCCTB proposals. The Commission has achieved great progress in past months in the area of tax, with several key proposals passing through the Council. The context of the state aid cases, Luxleaks and the Panama Papers has ensured that there is ample political momentum for coordinated EU-level action.

Mr. Ihli highlighted, however, that unlike many of the anti-avoidance measures proposed and already adopted this year, the CCCTB marks a more positive message – it is not about restricting or blaming businesses, but rather brings something on the table for them. CCCTB is good for businesses, and may contribute to more investment and more employment. There are significant incentives for R&D (where the definition is inspired by the one under EU state aid provisions), a notional interest deduction to incentivise equity rather than debt financing, a cross-border loss offset mechanism, a more certain environment for businesses, and potential significant decreases in compliance related burdens and costs.



## CCCTB panel: what prospects for success?

Panellists:

- **Uwe Ihli**, European Commission, DG TAXUD, Head of Sector
- **Gabriele Annolino**, Permanent Representation of Italy to the EU, Fiscal Counsellor
- **Fabian Zuleeg**, European Policy Centre, Chief Executive
- **Alfred de Lassence**, Air Liquide, Tax Director
- Moderator: **Eelco van der Ende**, Federation of European Accountants, Chair of the Tax Policy Group

The subsequent panel discussion focused on the main challenges ahead for CCCTB, the context as well as political feasibility of the proposals. In particular, the following elements and areas of focus emerged through the discussion:

- apparent changes in the **political landscape** between 2011 and 2016, for example with political momentum stemming from the anti-tax avoidance agenda at the EU-level
- the merits and potential draw-backs of the proposed **R&D regime**, which on the one hand provides businesses with generous incentives but may decrease countries' tax yields
- The merits of the Commission's **two-staged approach** and whether or not there is value in advancing with the 'common' element even if 'consolidation' fails
- the impact of the CCCTB on **tax competition**, both within the EU as well as with third countries
- potential challenges related to **implementation** and **enforcement** – ranging from implementation costs for businesses to different interpretations and definitions used by Member States
- on a broader note, to what degree major global political shocks such as recent elections across the Atlantic and slightly closer have changed the dynamics of taxation in the EU

On top of the points above, the panellists also reflected on potential reasons to why the CCCTB proposals might have higher prospects of success now, as opposed to back in 2011. A number of potential reasons were brought up, including the division of CCCTB into two more digestible proposals, the simplification and business certainty elements that the system may provide, societal expectations to improve the tax systems across the EU, and more.

The panel discussion finished with a Q&A session as well as final remarks from each of the panellists, which focused on whether or not **enhanced cooperation** is the way forward. The panellists were broadly critical of the prospect of enhanced cooperation:

- enhanced cooperation should be a last resort option only
- differentiated solutions that lead to even greater fragmentation are not ideal
- if it is optional for Member States to opt in, those who have something to lose from CCCTB will simply opt out
- for true business simplification, common rules for all Member States are needed

*Disclaimer: This note aims to summarise the discussions held during the roundtable, which do not necessarily reflect the Federation's views.*