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EU corporate tax rules

Slow progress on addressing tax avoidance continues

The European Commission today presented its 'Corporate Tax Package', a set of proposals to update EU rules on corporate taxation. Commenting on the proposals, UK Green MEP and tax policy spokesperson **Molly Scott Cato** said:

"These proposals on corporate taxation represent another small but incomplete step for addressing the tax avoidance by large corporations in Europe. The slow progress in addressing the various regulatory gaps, which corporations avail of to avoid their tax responsibility, is beyond frustrating. The aggressive tax avoidance strategies of corporations and the resultant major loss of revenue to exchequers around the world continue to be revealed, as with Google last week. Against this background, the foot-dragging at EU level is incomprehensible. Clearly, EU governments share most of the blame for this reluctance.

"The headline legislative proposal will not end the cynical practise by which large corporations shift profits to low or no tax jurisdictions, with a view to avoiding tax in the countries where profits are generated. It takes a minimalist approach to implementing the OECD action plan on tackling this practice of 'base erosion and profit shifting' (BEPS) to avoid tax. This is particularly true of the proposals on limiting the tax deductibility of interest expenses. In addition, artificial tax arrangements in different EU member states would still be allowed, which would enable corporations to continue to cook their books within the EU.

"Today's package contains a couple of interesting elements, like an exit tax, but is missing many of the key measures, which would be necessary to truly tackle corporate tax avoidance. We badly need public country-by-country reporting rules for all sectors to provide transparency and ensure the tax strategies of corporations can be properly scrutinised. We also finally need a common consolidated corporate tax base and a minimum corporate tax rate to end the race to the bottom of tax dumping in Europe. However, all of this will require the active cooperation of EU governments and most have so far shown no enthusiasm for truly tackling corporate tax avoidance."

For more details on the proposals, please see our blog: <http://www.greens-efa.eu/eu-corporate-tax-package-15099.html>

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Responsible MEPs



Molly Scott Cato

Vice-President

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