Press release | 24.11.2010

Fiscal rescue and EU tax policy

Cross-political MEPs call for minimum common corporate tax rate of 25% as necessary for EU solidarity

A cross-political alliance in the European Parliament has called for the introduction of a minimum European common corporate tax rate of 25%. MEPs from the Greens/EFA, ALDE, S&D and EPP groups (1) issued the declaration in the context of the ongoing Eurozone solvency crisis and the rescue measures being proposed for Ireland. Commenting on the declaration, Greens/EFA economic and finance spokesperson and co-signatory **Sven Giegold** said:

"Introducing a minimum common corporate tax rate in Europe is the only way to limit tax competition and the damaging effects this has had on the European economy and European solidarity. Today's declaration is a welcome development, which represents the first time that such a broad political alliance in the European Parliament has thrown its weight behind a clearly defined common corporate tax rate.

"Tax competition within the EU and the Eurozone enables cross-border businesses to avoid over €100 billion in tax payments, notably by repatriating profits to jurisdictions with lower corporate tax rates. This not only undermines the spirit of the common market, it is grossly unfair and diminishes revenues in other member states. It is particularly odious that financial institutions, which have unfairly profited from this tax competition and thereby avoided their responsibilities to their national exchequers, should now be bailed out by the same public coffers.

"Ireland will clearly need support in the painful reconstruction of its economy following the crisis. However, it is not acceptable that this support should be used to rebuild an economy based on tax dumping."

Common declaration text:

Considering that the Irish banking system is in a serious solvency crisis and its stability is in the European public interest,

Considering that the Irish government has requested support from the EFSF/EFSM,

Considering that solidarity is a fundamental principle of the European Union, as set out in the Treaties, and support for Ireland is therefore consistent with European values,

Considering that the common market needs a stronger common European fiscal framework to ensure good regulation and fair competition, including general provisions for a common consolidated corporate tax base as well as minimum corporation tax rates,

Considering that European taxpayers and citizens had to take an important risk in order to stabilise a financial system which has been profiting from the exceptionally low Irish corporation tax rate of 12.5% if a loan is granted through the EFSF/EFSM,

We urge the European Commission to advance on the dossier of a Common Consolidated Corporate Tax Base,
We urge the European Commission, the Eurogroup and its members to ensure that the corporation tax rate will be increased to *the average EU level of 25%* in a spirit of solidarity.

(1) Declaration signed by MEPs: Jean-Paul Gauzes (EPP), Udo Bullmann (S&D), Sylvie Goulard (ALDE), Sven Giegold (Greens/EFA), Burkhard Balz (EPP), Leonardo Dominici (S&D), Wolf Klinz (ALDE) and Pascal Canfin (Greens/EFA) - co-ordinators of their political groups on the EP economic and monetary affairs committee.

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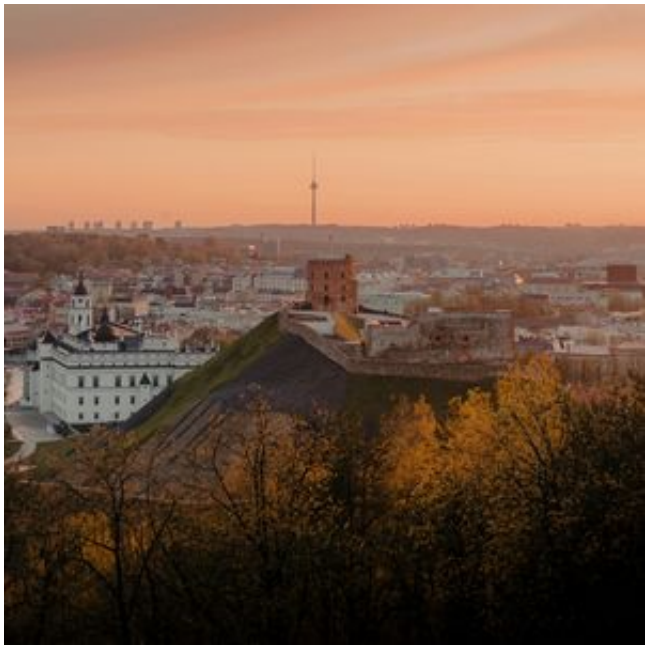
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Sven Giegold

Member

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