



Federation of European Accountants  
Fédération des Experts comptables Européens

# FEE Tax Day

Simple, fair, coordinated –  
tax Utopia in the EU?

1 October 2009

*Standing for trust and integrity*



# **Business perspective: Tax competition and tax rate trends**

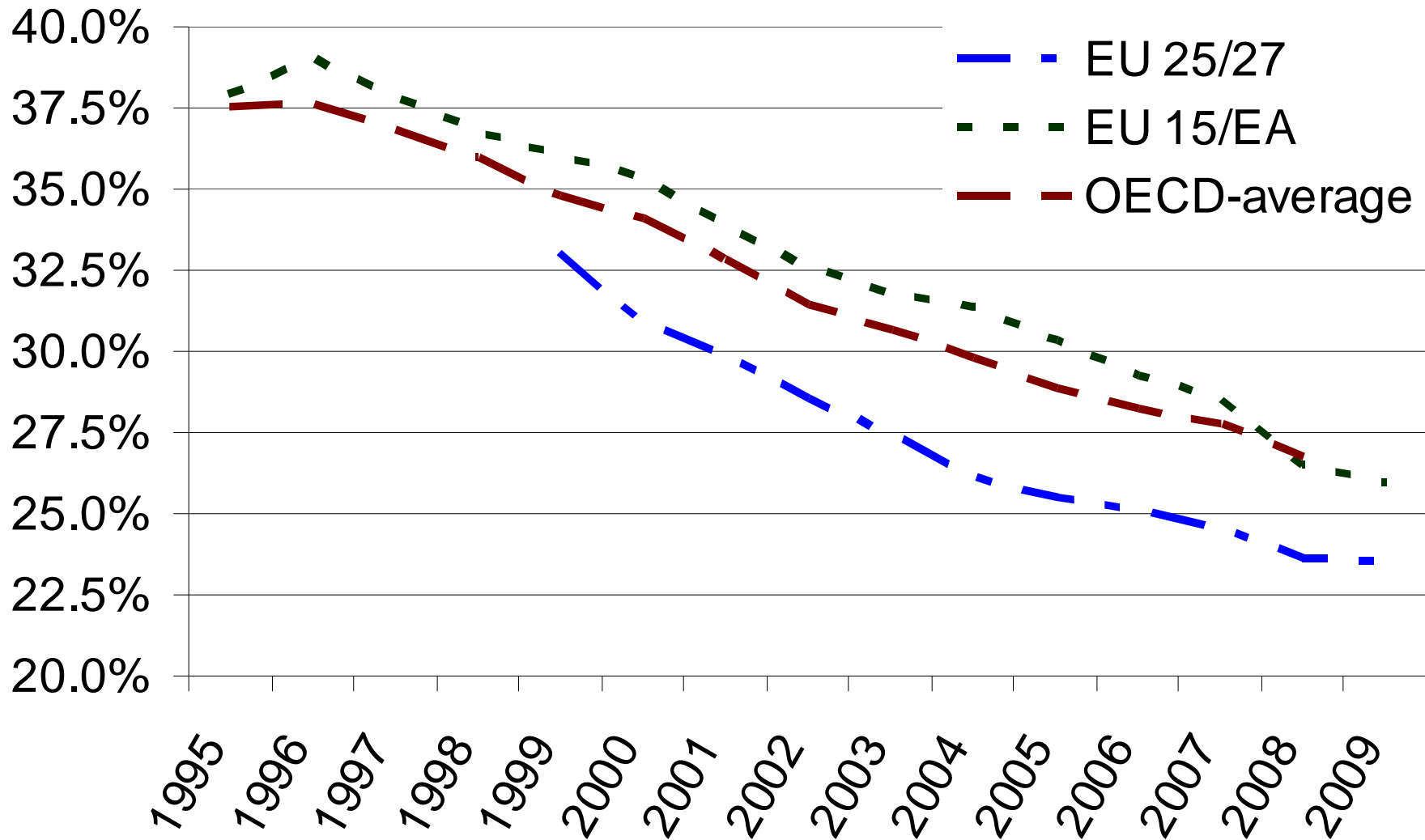
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**BUSINESSEUROPE**



# Statutory corporate tax rates





# Aggressive Revenue Authorities

- Financial crisis
  - Risk for increased protectionism
  - Secure national tax bases
- Anti-abuse measures such as interest reduction limitations etc.
- ECJ decisions often result in reactive minimum adjustments by national governments



# Transfer pricing documentation requirements in larger economies

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004-2005	2006-2007
USA Australia	USA Australia	USA Australia France	USA Australia France Mexico Brazil	USA Australia France Mexico Brazil Canada S. Korea	USA Australia France Mexico Brazil Canada S. Korea UK Denmark Venezuela S. Africa	USA Australia France Mexico Brazil Canada S. Korea UK Denmark Venezuela S. Africa Germany Belgium	USA Australia France Mexico Brazil Canada S. Korea UK Denmark Venezuela S. Africa Germany Belgium Japan Poland Kazakhstan India Portugal	USA Australia France Mexico Brazil Canada S. Korea UK Denmark Venezuela S. Africa Germany Belgium Japan Poland Kazakhstan India Portugal Argentina Colombia Netherlands Thailand	USA Australia France Mexico Brazil Canada S. Korea UK Denmark Venezuela S. Africa Germany Belgium Japan Poland Kazakhstan India Portugal Argentina Colombia Netherlands Thailand Indonesia Malaysia Spain Peru Taiwan Hungary Ecuador	USA Australia France Mexico Brazil Canada S. Korea UK Denmark Venezuela S. Africa Germany Belgium Japan Poland Kazakhstan India Portugal Argentina Colombia Netherlands Thailand Indonesia Malaysia Spain Peru Taiwan Hungary Ecuador Norway New Zealand Lithuania Vietnam Singapore Sweden Israel Finland Estonia	

**States expected to introduce documentation requirements in the near future**

- China
- Russia



## Tax obstacles in the internal market

- Tax uncertainty – suboptimal investment levels
- Transfer pricing (documentation requirements, legal disputes, no mandatory dispute resolution)
- Business Restructuring (reallocation of functions and risks, taxation of foregone profits, closing down costs)



## Tax obstacles in the internal market

- Lack of cross-border loss consolidation
- Exit taxes (coordination needed)
- Administrative costs arising from 27 parallel and partly overlapping domestic tax systems and administrations



## Common Consolidated Corporate Tax Base

Correctly designed – a comprehensive measure to:

- Allow competition on a level playing field
- Enhance economic efficiency
- Revert to sound taxation principles; net taxation, comprehensive, realization, transparency
- Reduce compliance cost of 27 tax systems
- Remove Transfer Pricing problems
- Allow full intra-group consolidation
- Avoid double taxation
- Simplify EU corporate restructuring





The corporate tax system is  
broke – It is time to fix it!!!



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