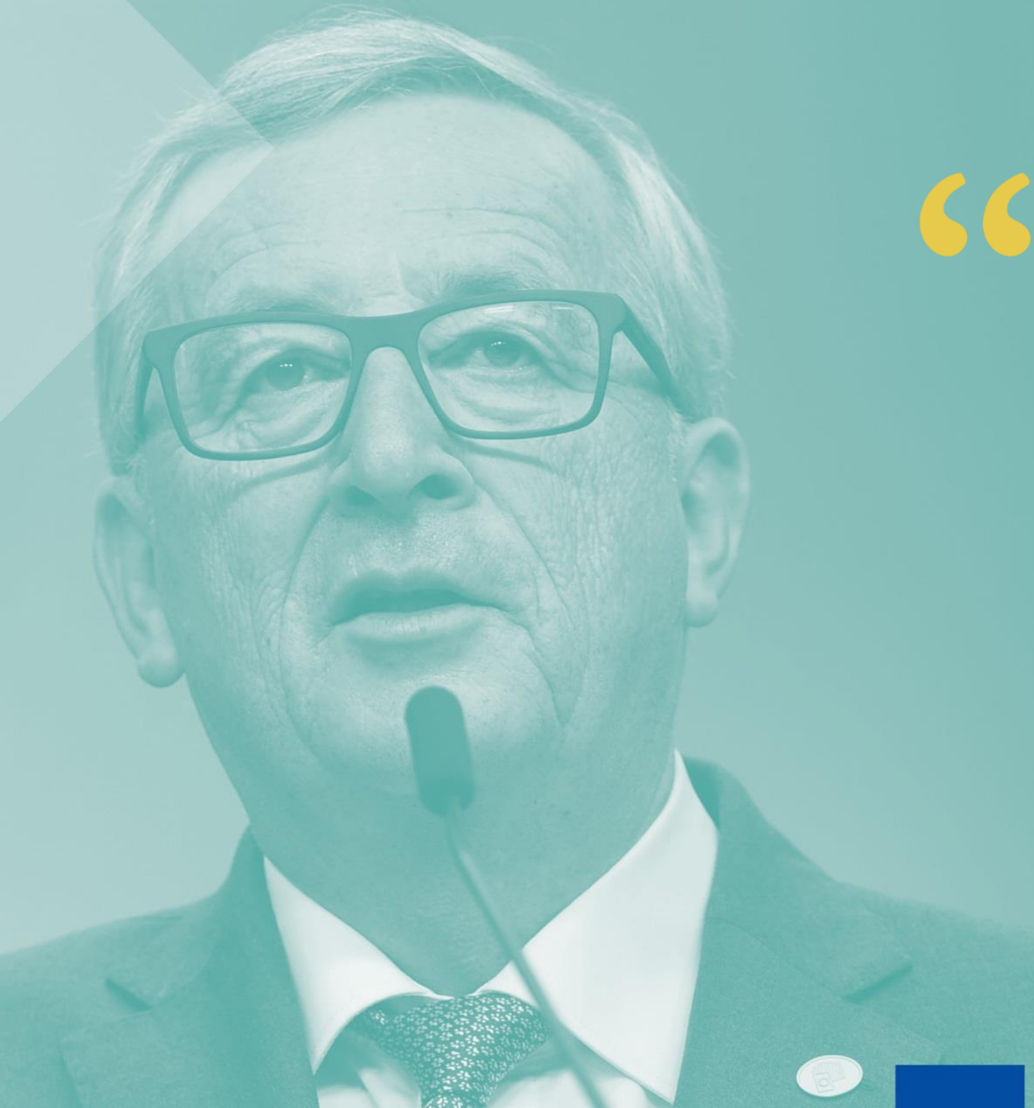
AN EU AGENDA FOR TAXATION

#FairTaxationEU



“ *Every company, no matter how big or small, has to pay its taxes where it makes its profits...In Europe we do not accept powerful companies getting illegal backroom deals on their taxes.*

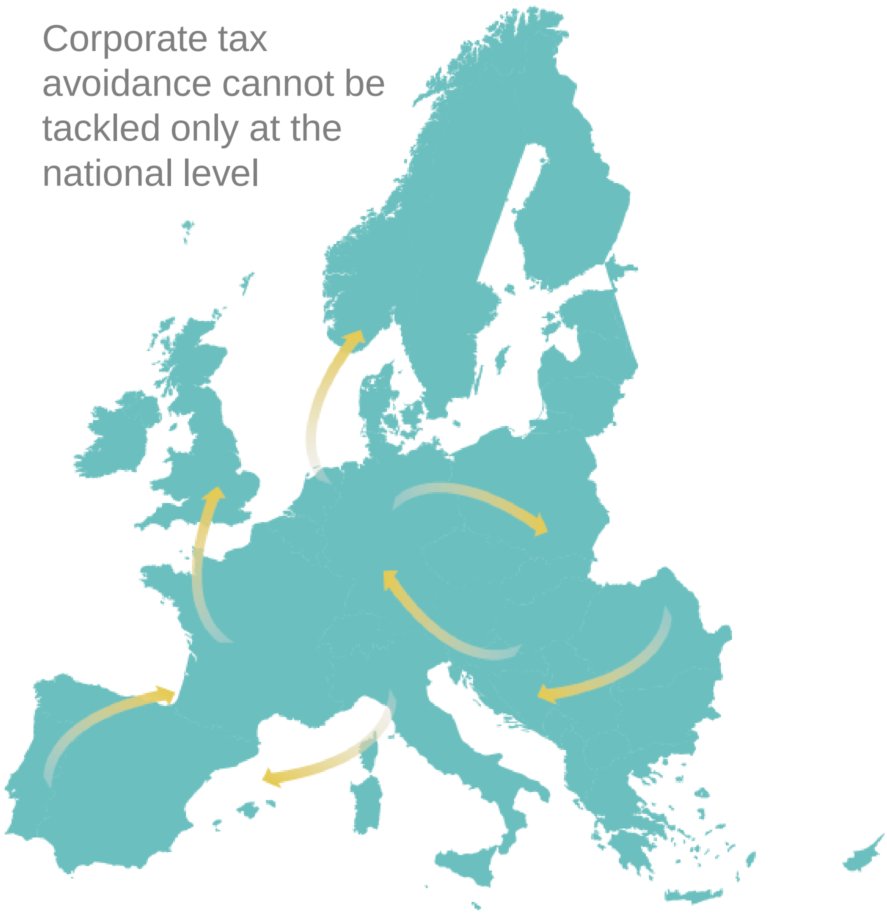
Jean-Claude Juncker, State of the Union Address
European Parliament, 14 September 2016

RESTORING THE BALANCE

WHY DO WE NEED AN AGENDA AGAINST TAX AVOIDANCE?

Corporate tax avoidance
- deprives public budgets of **billions of euros a year**
- creates a **heavier tax burden for citizens**
- causes **competitive distortions** for those businesses that pay their share

Corporate tax avoidance cannot be tackled only at the national level



European Commission

Billions of tax euros are lost every year to tax avoidance – money that could be used for public services like schools and hospitals or to boost jobs and growth.

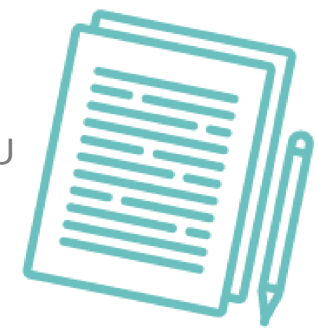
Europeans and businesses that play fair end up paying higher taxes as a result. This is unacceptable and we are acting to tackle it.

Pierre Moscovici, Commissioner for Economic and Financial Affairs, Taxation and Customs, 28 January 2016

COMMON CONSOLIDATED CORPORATE TAX BASE (CCCTB)

EU Member States lose up to **€70 billion** annually to corporate tax avoidance

- Aim of the **CCCTB**:
- **fighting tax avoidance**
- **fighting aggressive tax planning** and cross-border tax abuse
- offer a **single set of rules** that cross-border companies can use to calculate their taxable profits in the EU



WHAT WE HAVE ACHIEVED SO FAR ON TAX TRANSPARENCY

- Political agreement on the automatic exchange of information on tax rulings — 2015
- Central registers on beneficial ownership of all EU companies — 2015
- Automatic exchange of financial information of EU residents in Monaco, Switzerland, Liechtenstein, Andorra, San Marino — 2015
- Anti-tax avoidance directive — 2016
- Companies can no longer siphon profits off to low tax jurisdictions without paying their fair share of taxes — 2016
- Automatic exchange of information on country-by-country reports of multinational companies — 2016
- New legislative proposal for public country-by-country reporting — 2016

ELIMINATING THE MISMATCHES AND LOOPHOLES BETWEEN NATIONAL SYSTEMS

October 2015

Fiat and **Starbucks -** illegal state aid

December 2015

McDonald's – tax advantage investigation

January 2016

Belgium to recover **€700 million**
from more than 30 companies

August 2016

Ireland to recoup

€13 billion

in lost revenues from **Apple**

EXTERNAL STRATEGY

The **EU should act as a united block** in dealing with problematic third countries that refuse to respect global tax good governance standards

We are proposing:

- Updated tax good governance criteria
- Tax clauses in international agreements
- Assistance to developing countries
- Tax good governance conditions for EU funds
- A new EU listing process for third countries that don't play fair

Companies must pay their fair share of taxes, where their actual economic activity is taking place.

Europe can be a global leader in tackling tax avoidance. This requires coordinated European action, avoiding a situation of 28 different approaches in 28 Member States.

Vice-President Valdis Dombrovskis,
responsible for the Euro and Social Dialogue,
28 January 2016

NEXT STEPS

2016

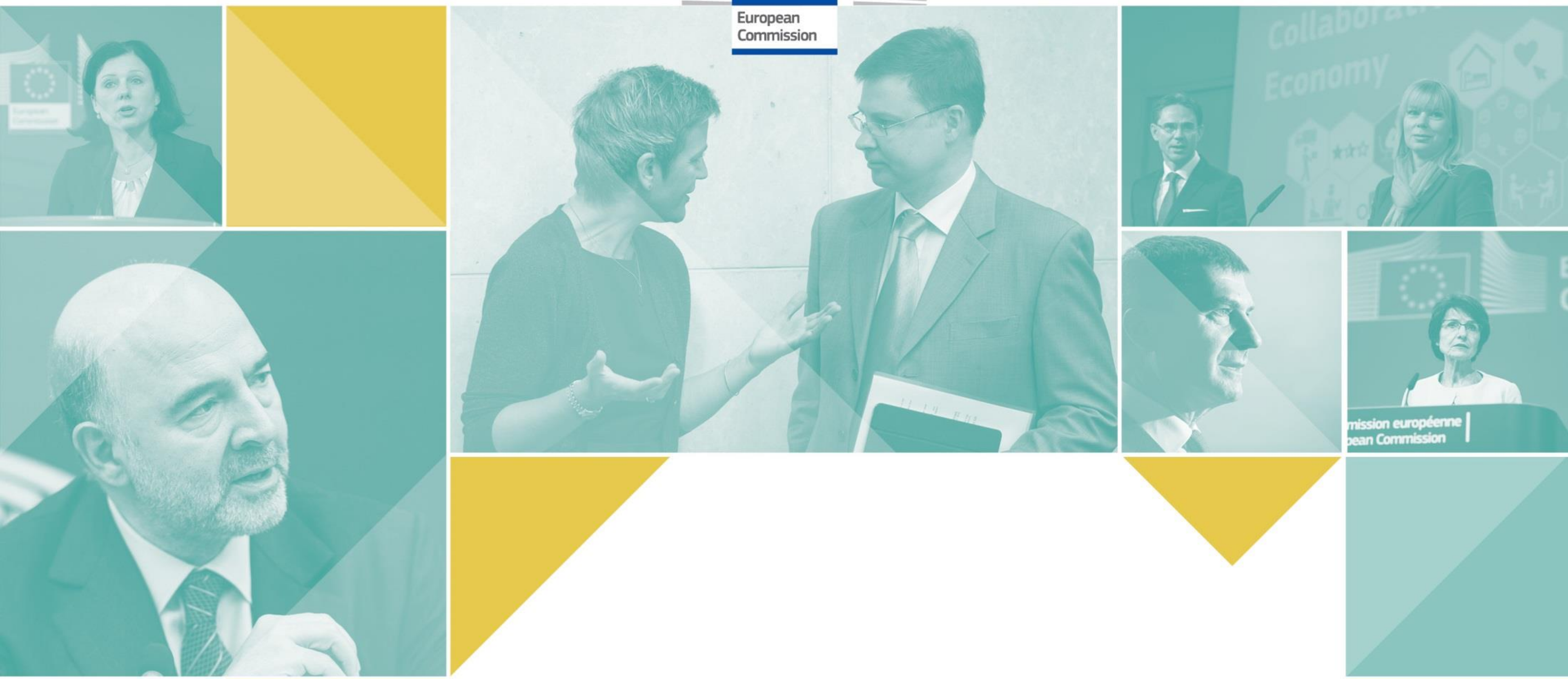
- Proposal for Re-launch of the Common Consolidated Corporate Tax Base (CCCTB)
- Proposal on double taxation disputes mechanisms between Member States
- Proposal to extend some anti-tax avoidance rules to third countries
- Public consultation on curbing advisors activities that lead to tax avoidance
- Commission examining beneficial ownership transparency

2017

- First common EU list of third-countries that refuse to comply with tax good governance standards
- New EU rules on tax rulings
- New EU rules for Country by Country Reporting between tax authorities
- Exchange of financial information with Liechtenstein and San Marino

2018

- Exchange of financial account information with Switzerland, Andorra and Monaco
- Transposition of the Anti-Tax Avoidance Directive becomes effective


Economy