



THE PARLIAMENT OF THE CZECH REPUBLIC

SENATE

8th TERM

COMITTEE on EU AFFAIRS

241st RESOLUTION

delivered on the 9th meeting held on 9th June 2011

on the Proposal for a Council Directive on a Common Consolidated Corporate Tax Base (CCCTB)

The Senate

- I.**
- 1. Agrees**
with the need to strive for better business environment in the EU single market and, therefore, understands the Commission's effort to introduce a system that would cut tax compliance costs for businesses with cross-border activities and prevent double taxation;
 - 2. Emphasizes,**
however, that tax sovereignty in the area of direct taxation, taking into account not only tax rates, but also the tax base, is considered to be a key attribute of state sovereignty;
- II.**
- 1. Regards**
the aspect of consolidation of the common tax base and its subsequent apportionment among respective tax jurisdictions on the basis of the formula set in Article 86 of the draft Directive as very problematic, primarily in view of the risk of decreasing budget revenues from corporate taxes;
 - 2. Finds**
that the Commission's impact assessment lacks concrete and quantified evaluations of budgetary consequences of introducing CCCTB for individual Member States; the policy of fiscal consolidation, as set out in the Convergence Programme, cannot be pursued in a credible manner without this evaluation;
 - 3. Points out**
to other potential risks involved in introducing CCCTB that are listed in the Commission's impact assessment, such as a possible drop in GDP of the EU (ranging from 0,15 % -0,17 % subject to the chosen model of depreciation) and a drop in investment (by 0,74 % - 0,88 %);
 - 4. Is convinced**
that making the CCCTB regime optional may, on the one hand, enable targeting businesses with cross-border activities, for which the regime can be beneficial, but, on the other hand, the optionality creates yet another, parallel 28th tax regime alongside the existing 27 national tax regimes; it can thus be argued that additional expenditures will be required to ensure the administration of a dual system of corporate taxation;

5. Is, on the other hand, of the opinion,

that finding a common European approach towards the calculation of corporate tax base, that would arise from expert debate on best practises in the area of corporate taxation in individual Member States, could lead to facilitation of cross-border business activities and contribute to the strengthening of the single market of the EU;

6. Considers,

therefore, appropriate to focus, besides the CCCTB, also on finding an optimal and effective European framework for calculation of a common corporate tax base without the aspects of consolidation and optionality;

III.

1. Requests

the Government to inform the Senate about the way this position was taken into account and to provide the Senate with further information on the proceeding of negotiations;

2. Authorises

the President of the Senate to forward this Resolution to the European Commission.

Milan Štěch
sign manual
President of the Senate

Tomáš Kladívko
sign manual
Senate Verifier