



EUROPEAN COMMISSION

*Brussels, 7.3.2016*

*C(2016) 1363 final*

*Dear President*

*The Commission would like to thank the Senát for its Opinion on "A fair and Efficient Corporate Tax System in the European Union: 5 Key Areas for Action" {COM(2015) 302 final}.*

*The June 2015 Action Plan sets out an ambitious package of measures designed to combat aggressive tax planning within the EU. There is now a broad political consensus that we need new, coordinated measures to re-align taxation to real economic activity and ensure that profits made in the EU are fairly taxed in the EU.*

*While taking into account the necessity to reinforce the efficiency of the tax environment for businesses in the Single Market, the key objective of this Action Plan is to ensure that companies are taxed where their profits are generated and cannot avoid paying their fair share of tax through aggressive tax planning.*

*Tackling profit shifting and harmful tax competition is a high priority for the Commission and to this end the Action Plan aims at coordinating Members States' tax systems and provides the foundation on which to build a fairer, growth-friendly corporate tax framework for the EU. The measures proposed will contribute to achieving revenue stability, a stronger Single Market, greater corporate resilience and efficiency and a fair and level-playing field for businesses.*

*The Commission welcomes the Senát's broad support for the aims of the Action Plan and is pleased that it shares the view that action at the EU level, as stated in the communication, is required to combat fiscal evasion by companies. At the same time, the Commission notes the concern expressed by the Senát regarding the consolidation elements in the Common Consolidated Corporate Tax Base (CCCTB) proposal.*

*The Commission is currently working on a possible staged approach with a common mandatory tax base, as announced in its Work Programme 2016. It will take into account the outcome of the discussions held in the Council on the various provisions of the tax base, as well as the results of the public consultation which ran until January of this year.*

*Mr Milan ŠTĚCH  
President of the Senát  
Valdštejnské náměstí 17/4  
CZ – 118 01 PRAGUE 1*

*The re-launched Common Consolidated Corporate Tax Base will be deployed in two steps with efforts first concentrating on agreeing the rules for a common corporate tax base (CCTB). Only when the common base has been agreed and implemented will consolidation be introduced as a second step so as not to hold back progress on other important elements of the proposal such as anti-base erosion measures. The Commission remains fully committed to consolidation which offers a holistic solution to the problem of profit shifting in the EU.*

*Following the Action Plan, the Commission presented on 28 January 2016 an Anti-Tax Avoidance Package. This package reflects discussions in Council, recommendations from the European Parliament and the outcomes of the OECD's Base Erosion and Profit Shifting (BEPS) project. It also includes an Anti Tax Avoidance Directive, a proposal for country-by-country reporting between tax authorities a new EU strategy to protect the Single Market from external base erosion threats. These measures are designed to hamper aggressive tax planning, boost transparency between Member States and ensure fairer competition for all businesses in the Single Market.*

*The Common Consolidated Corporate Tax Base and the Anti Tax Avoidance Package will provide together a more efficient tax system and more transparency within the EU.*

*The Commission hopes that the explanation provided in this reply address the issues raised by the Sénat and looks forward to continuing the political dialogue in the future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Pierre Moscovici  
Member of the Commission*