SUMMARY
of the Opinion on the "Proposal for a Council Directive laying down rules against tax avoidance practices that directly affect the functioning of the internal market"
COM (2016)26

The Chamber of Deputies:

- **Appreciates** that the proposal establishes only regulations based on principles, leaving the implementation details to the responsibility of the Member States, thus creating equal conditions for the minimum protection of all the taxation systems of the enterprises in the Member States; it considers that this initiative will significantly contribute to reshaping the European fiscal regulations meant to counteract the tax avoidance which is mainly practised by multinational companies;

Regarding the regulation on the limitation of interests, the Chamber of Deputies:

a) **Supports** in principle, the large field of the regulation applicability and the definition 'borrowing costs' but continues to have certain doubts on the unitary implementation of the definition in the case of some elements of the costs “equivalent to the interests”, especially those concerning special banking products;

b) **Considers** that additional clarifications are necessary, from the point of view of the positive fiscal result (the income which is subject to the taxation of companies) and of the negative one (losses) in order to have clarity in the applicability of the stipulation;

c) **Considers** that it is necessary to present a numerical example on applying the regulation on interest limitation, in order to clearly present the calculus phases for EBITDA fiscal indicator (earnings before interest, taxes, depreciation and amortization);

d) **Supports** carrying forward the balance and the recuperation only for the future of the borrowing costs, following to analyze, at the national level, the preservation of the period of 7 years, which is the current period for such an activity;

- **Supports and appreciates** the activity concerning the exit taxation developed by the Member States with an experience in this field but considers that it would be useful to have additional clarifications regarding the significance of some text notions (for example “fiscal value”), so that to ensure a unitary implementation in all the Member States. Clarifications would also be necessary regarding the calculus modality of exit taxation, in correlation with the taxable profit in a State;

- **Agrees** with the “switch-over clause” **–** passing from fiscal exemption to credit granting, using the official profit rate of the Member State of the taxpayer benefiting from foreign income;

- **Agrees** with the proposed anti-abuse rule and mentions that Romania already has such a regulation (Art. 11 of the Fiscal Code);

- **Supports**, in general, the idea of setting up a framework for combating the unequal treatment of the hybrid mismatches, but considers that the results of the Group of the Code of Conduct must be taken into consideration, namely the recommendations concerning the entities and the hybrid permanent premises inside the European Union;

- **Considers** that the Directive will ensure the coherence and will avoid asymmetries. The Chamber of Deputies supports the necessity to eliminate the inconsistent aspects and the shortcomings in the implementation of the Directive by the Member States.