



EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank the Camera Deputaților for its Opinion on the Commission Communication on 'Building a fair, competitive and stable corporate tax system for the European Union' {COM(2016) 682 final} and the proposals for Council Directives on a Common Consolidated Corporate Tax Base {COM(2016) 683 final} and on a Common Corporate Tax Base {COM(2016) 685 final}.

One of the Commission's top political priorities is to make taxation fairer and more effective in the European Union, as set out in the June 2015 Action Plan for Fair and Efficient Corporate Taxation in the European Union {COM(2015) 302 final}. Over the past two years, the Commission has advanced an ambitious agenda to fight against tax evasion and avoidance. Building on the steps already taken, a more holistic reform of corporate taxation in the European Union is now needed, to ensure both fairer taxation and a predictable, growth-friendly tax environment for businesses.

The Commission welcomes the Camera Deputaților's broad support for the aims of the proposals and is pleased that it shares the view that action should be pursued at the level of the European Union in order to best achieve their objectives.

The Commission also welcomes the Camera Deputaților's support for the introduction of a temporary system of cross-border loss relief and new incentives for research and development within the common base. In this regard, the Commission takes note of the suggestion of a possible certification of research and development activities in order to ensure a common qualification of eligible activities in all Member States.

Concerning the consolidation element, the proposed Directive on a Common Consolidated Corporate Tax Base is designed to have a cross-border dimension and aims to promote growth in the internal market and reduce aggressive tax planning. The Commission is convinced that the benefits of the common tax base could not be fully realised without consolidating and distributing the common base among the different Member States involved in the activity of the company. In this respect, the Commission acknowledges that the three

*Mr Liviu DRAGNEA
President of the
Camera Deputaților
Palace of the Parliament
Str. Izvor nr. 2-4, sector 5
RO – 050563 BUCHAREST*

factors of the apportionment formula focus on elements which reflect real economic activity and are not easily shifted across jurisdictions.

On the budgetary impact of the adoption of these proposals, the Commission refers to the impact assessment accompanying the proposals. It is, however, important to point out that the precise impact on the revenues of Member States will be influenced by national policy choices. It goes without saying that the Commission would welcome any efforts to shed further light on the budgetary impacts of the proposals in Member States.

The points made above are based on the initial proposal presented by the Commission which is currently in the legislative process in the Council. The Commission will bear in mind the Camera Deputaților's Opinion in the context of the ongoing discussions with the Member States in the Council.

The Commission hopes that these clarifications address the issues raised by the Camera Deputaților and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Pierre Moscovici
Member of the Commission*