

*-Courtesy translation-*

*Dear Mr. President,*

*In accordance with the Protocol 2 on the application of the principles of subsidiarity and proportionality of the Treaty of Lisbon allow me to send you a reasoned opinion to the proposal for a Council Directive concerning a Common Consolidated Corporate Tax Base (CCCTB) (COM (2011)121) in the enclosure.*

*On the basis of Article 2 Paragraph 2 of the Constitutional Law 397/2004 Coll. on Cooperation between the National Council of the Slovak Republic and the Government of the Slovak Republic in the affairs concerning the European Union, National Council may authorize its committee to approve the positions of the Slovak Republic concerning the draft legislative acts. In line with this constitutional mandate on 12 May 2011 the Committee on European Affairs of the National Council of the Slovak Republic approved the resolution and the reasoned opinion.*

*Please find the resolution and the reasoned opinion in the enclosure.*

*Let me assure you of my highest esteem.*

*Sincerely,*

**Resolution**

**of the Committee of the National Council of the Slovak Republic on European Affairs**

12 May 2011

**Committee of the National Council of the Slovak Republic on European Affairs**

discussed the Proposal for a Council Directive concerning a Common Consolidated Corporate Tax Base (CCCTB).

**A. stresses, that**

a long-term position of the Slovak Republic is a disagreement with the harmonization of direct taxation on the European Union level;

**B. states, that**

determination of tax rates belongs to the exclusive competence of the Member States of the European Union;

**C. points out, that**

overall tax revenues are the result of combination of tax base as well as tax rates;

**D. believes, that**

the Proposal for a Directive would have a negative impact on the GDP growth and on the employment and thus reduce overall welfare of many Member States. At the same time it is not convinced that the Proposal for a Directive would lead to the simplification and efficiency of tax system in the European Union but vice versa would cause an increase of the costs associated with the introduction of a new system of common tax base for legal entities and possible increase of the administrative burden;

**E. underlines, that**

the European Commission does not present in its impact assessment an analysis of concrete impacts of the implementation of the Proposal for a Directive on the budget revenues of the Member States;

**F. is of the opinion, that**

the statement of the Proposal submitted in accordance with the Article 5 of the Protocol on the application of the principles of subsidiarity and proportionality is not sufficient enough to justify a compliance with the principle of subsidiarity. The European Commission submits the Proposal for a Directive without satisfactory quantification;

**G. considers**

the Proposal for a Directive in a breach with the principle of subsidiarity and thus submits in compliance with the Article 12 of the Treaty on European Union, the Protocol on the role of the national Parliaments in the European Union and Article 6 of the Protocol on the application of the principles of subsidiarity and proportionality its reasoned opinion in the enclosure;

**H. authorises**

the Committee Chairman

to inform the Speaker of the National Council of the Slovak Republic, Deputy Prime Minister and Minister of Finance of the Slovak Republic, the President of the European Commission, President of the European Parliament and President of the Council of the European Union.

Miroslav Beblavý

Verifier in charge

Ivan Štefanec

Chairman of the Committee

Annex to the Resolution of the Committee of the NC SR on the European Affairs No. 106

1. Firstly, it should be noted that a long-term pursuit of the strategic interest of the Slovak Republic at different EU levels is the dissenting standpoint regarding the harmonization of direct taxation. Based on the Slovak Prime Minister's proposal, in the conclusions of the Heads of States of the Euro zone (11/03/2011) there is explicitly emphasized in a separate sentence that direct taxation remains a national competence of the Member States. At the same time, the Government of the SR in the "Programme Declaration of the Government for the period 2010 – 2014" committed itself to disagree with the European tax harmonization in the field of income taxes. Fiscal sovereignty in the domain of direct taxation is considered, along with an independent budget policy as a key part of the state sovereignty.
2. We also put forward to the attention the costs associated with the introduction of a new system of common tax base for legal entities and possible increase of the administrative burden. We state that a system based on the principle of voluntary basis is a considerably disadvantageous.
3. We perceive as a negative a potential decrease of the flexibility of the EU Member States to react to the changing economic reality and business environment through the tax policy as it has been hitherto. The CCCTB system should be provided in the directive and any amendment of the system will be more complicated and more time-consuming than it is currently possible in the national legislatures.
4. We further note that the adoption of the CCCTB Directive would have a negative impact on the GDP growth and on employment and we also expect the negative effect on the revenue side of the state budget of the EU Member States. The Commission has submitted the draft proposal for the directive without satisfactory quantification of its impacts.
5. The Commission proposes to set the measures for the calculation of the tax base and not to harmonize tax rates emphasizing that overall tax revenues are the result of the combination of both mentioned factors, i. e. amount of the tax base as well as tax rates.
6. We consider as a cardinal drawback of the draft directive the fact that Commission does not present in its impact assessment an analysis of concrete impacts of the implementation of the CCCTB on the budget revenues of EU Member States; whereas it refers to the complicated character of such a calculation, and the final tax revenues would depend upon the "national policy choices with regard to possible adaptations for the mix of different tax instruments or applied tax rates". Commission thus proposes a new corporate tax system with no knowledge of what will have implications for national budgets.
7. Another aspect that we give attention to is represented by costs associated with the implementation of the optional Common Consolidated Corporate Tax Base for the tax administrations of the EU Member States. The fact that the CCCTB regime should have optional form would enable cross-border operating companies better benefit from such a system on the one hand, but on the other hand 28 tax systems functioning in parallel will be established (CCCTB plus current framework with different 27 national corporate tax systems).

We can therefore assume that this measure will not lead to a desirable decrease of the compliance costs for the companies, and also it will not result in more efficient corporate tax collection, as it will require additional costs for the administration of the dual system and collection of corporate income tax.