

9. - It is clear that the content and aims of both legislative Proposals cannot be achieved from the individual perspective of each Member State. They can only be fully realised through EU-wide harmonisation of direct taxation, which would avoid unfair competition between both Member States and companies.

10. - Both legislative proposals comply with the principle of subsidiarity. The aims of both proposals can only be achieved if they are applied equally across the internal market. If this were not the case, the territorial scope of taxation for corporate income tax would continue to be fragmented and tax barriers and unfair competition in terms of taxation would remain.

Moreover, most tax avoidance practices are carried out across national borders, since this facilitates abuse and makes it easier to take advantage of mismatches that arise from the interaction of national corporate tax rules.

11. - Given the scale of the problems addressed by the legislative proposals, such as how to mitigate the current multiple distortions arising from the interaction of 28 national systems and create conditions favourable to investment in the single market, it is clear that the aims will be best achieved at EU level. The issue is that only an incremental process of tax harmonisation between Member States will be able to eliminate distortions on the single market and the taxation inequalities that hinder the competitiveness of our businesses, erode our taxation systems and generate mistrust in our societies of the common European project. Without progress in fiscal unity, it will be difficult for this project to overcome the current crisis.

12. - It should also be noted, as indicated by the Commission, that the aspects covered by the two legislative proposals cannot be addressed through individual national initiatives, which would only be partial and unable to provide a solution to the problems encountered. It would be difficult for bilateral agreements to resolve issues such as mismatches in the legal qualification of entities or payments leading to double taxation or double non-taxation, cross-border loss relief, tax-free internal group restructurings, the elimination of complex intra-group transfer pricing and the apportionment of revenues using a formula at the level of a business group. All of these issues, which are addressed by both legislative proposals, have a cross-border dimension and cannot be tackled through national initiatives.

13. - In the light of the above, it can be deduced that, to achieve the stated aims, the establishment of a Common Corporate Tax Base and a Common Consolidated Corporate Tax Base (CCCTB) must be regulated by two Proposals which, in accordance with Article 115 of the Treaty on the Functioning of the European Union, since they relate to direct taxation matters, must take the form of Directives.

CONCLUSION

For the aforementioned reasons, the Joint Committee for the European Union finds that the Proposal for a Council Directive on a Common Corporate Tax Base and the Proposal for a Council Directive on a Common Consolidated Corporate Tax Base (CCCTB) comply with the principle of subsidiarity laid down in the Treaty on European Union currently in force.