



*Brussels, 10.03.2017
C(2017) 1649 final*

Dear Presidents,

The Commission would like to thank the Congreso de los Diputados and the Senado (Cortes Generales) for their Opinions on the Commission's proposals for Directives on a Common Consolidated Corporate Tax Base (CCCTB) {COM(2016) 683 final}, on a Common Corporate Tax Base (CCTB) {COM(2016) 685 final}, on Double Taxation Dispute Resolution Mechanisms in the European Union {COM(2016) 686 final}, and on amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries {COM(2016) 687 final}.

One of the Commission's top political priorities is to make taxation fairer and more effective in the EU, as set out in the June 2015 Action Plan for Fair and Efficient Corporate Taxation in the EU. Over the past two years, the Commission has advanced an ambitious agenda to achieve this, in particular through the fight against tax evasion and avoidance. For the longer term, a more holistic reform of corporate taxation in the EU is needed, achieving both fairer taxation and a predictable, growth-friendly tax environment for businesses.

With the Common (Consolidated) Corporate Tax Base, companies would have a single rulebook for calculating their taxable profits throughout the EU. With its proposals of 25 October 2016, the Commission has reinforced the elements of the previous proposal that aim at business facilitation to help cross-border companies cut costs, red tape and to support innovation. Together with the proposal to bolster existing anti-abuse rules, these measures will create a simple and transparent tax environment that will support growth, jobs and investment in the EU.

The Commission is pleased that the Cortes Generales share the view that action is required at the level of the EU, rather than by each Member State individually, in order to best address distortions in the internal market, whether those are the result of double taxation, business unfriendly structures or of aggressive tax planning practices leading to low or no taxation.

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As regards the proposal on Double Taxation Dispute Resolution Mechanisms, the Commission welcomes the statement of the Cortes Generales according to which the proposal marks a clear step forward in the international tax environment, which can, indirectly, increase the speed and efficiency of the procedure between the competent authorities as an effective means for solving disputes. The proposed action will thus contribute to more fairness and tax certainty and to strengthening business and investment in the internal market.

The Commission also welcomes the positive assessment by the Cortes Generales on its proposal on hybrid mismatches with third countries. Hybrid mismatches occur when countries have different rules for the tax treatment of certain income or entities, which multinational companies can abuse to avoid being taxed in either country. The proposal will ensure that hybrid mismatches of all types cannot be used to avoid tax in the EU, even where the arrangements involve third countries.

The Commission looks forward to continuing our political dialogue.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Pierre Moscovici
Member of the Commission*