



EUROPEAN COMMISSION
Regulatory Scrutiny Board

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Opinion

Title

DG TAXUD – Proposal for a re-launch of the Common Consolidated Corporate Tax Base - CCCTB

(version of 22 June 2016)*

(A) Context

The Commission presented a proposal on a Common (Consolidated) Corporate Tax Base (CCCTB) in March 2011, which aimed to create a single set of rules that companies operating within the EU could use to calculate their taxable profits. The initiative was designed to address high compliance costs, administrative burden, and complex re-adjustments, such as complicated transfer pricing system.

As a follow up to the June 2015 Action Plan for a Fair and Efficient Corporate Tax System in the EU, this initiative aims to re-launch the Commission's CCCTB proposal while updating it to also address new challenges such as aggressive tax planning, the bias in national tax systems towards debt over equity financing, and underinvestment in R&D compared to other big economies.

(B) Overall opinion: POSITIVE

The Board gives a positive opinion, with a recommendation to further improve the report in the following key aspects:

(1) The policy context of the initiative should be better described, clarifying the articulation with the 2011 CCCTB proposal, the June 2015 Action Plan, the ATAD and the recent Commission proposal regarding disclosure of income tax information by certain undertakings and branches.

(2) The intervention logic should be improved, especially by making clear the links between the problems, objectives and options.

(3) The report should unify and clarify the baseline scenario. It should indicate whether the intention is to withdraw the 2011 proposal and better explain the added value of the new initiative.

(4) The description of the options and the related analysis of the impacts should be improved, especially by clarifying what aspects of the 2011 proposal would be taken over (or not) and by explaining further the parameters and the implications of the envisaged staged approach. The implications of the CCCTB for public finances should also be described.

(5) The REFIT aspects of the initiative should be made more evident.

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.

The lead DG shall ensure that these recommendations are duly taken into account in the report prior to launching the inter-service consultation.

(C) Main recommendations for improvements

(1) Clarify the policy context. The broader policy context should be better explained, including by briefly describing what CCCTB is about and what the articulation is between this initiative and the 2011 CCCTB proposal, the June 2015 Action Plan, the ATAD and the recent Commission proposal regarding disclosure of income tax information by certain undertakings and branches. The reactions to the 2011 proposal should be better described, specifying the elements that would be re-conducted, modified or added in the current proposal and why.

(2) Refine the intervention logic. The report should make clearer the connections between the different problems and the policy objectives. Furthermore, the links between the general and specific objectives should be refined. This is especially relevant for the consistency of the text at the beginning of the report (p. 1-5). The information in the table 8 should be elaborated on in the main text of the report, and conclusive remarks should be added. On this basis, the options should be more clearly linked up to the objectives and the problems.

(3) Clarify the baseline and the EU value added. The report should clarify and unify the baseline scenario to which all the different options should be compared. If the intention is to withdraw the 2011 proposal, the baseline should be a "no-policy change" scenario, which would also include the expected effects of all remaining and related Commission proposals. Moreover, the added value of EU action should be spelt out more clearly in a dedicated section. To reinforce these points, relevant explanations provided in Annex X could be summarised and brought into the main text of the report.

(4) Better present the options and their impacts: The description of the options should be better presented, especially by clarifying what aspects of the 2011 proposal would be re-conducted (or not). The description of impacts should give indications on the impact on public finances underlying the fiscal neutrality assumption. The report should indicate whether the impacts on the debt bias and research options are robust under the assumption of the staged approach (section 5.5). In addition, the link between the staged approach (with no consolidation in the initial stage) and the envisaged cross-border losses offsetting mechanism should be better explained.

(5) Emphasise the REFIT elements. The report should also underline the REFIT elements of the initiative, in particular those expected from the new initiative, as compared to the 2011 proposal.

(D) Procedure and presentation

The structure and presentation are clear and the language understandable. However, the reader-friendliness should be further improved, making the report more accessible to non-specialists.

(E) RSB scrutiny process

Reference number	2016/TAXUD/006
External expertise used	No
Date of RSB meeting	20 July 2016