



large business round-table with Anneliese Dodds MEP

On 21st and 24th September, gplus uk co-hosted round-table discussions with Winmark TDN, the Institute of Directors and Engaged Consulting, bringing together tax experts from large and small businesses, professional advisors and Anneliese Dodds MEP.

The discussions were chaired by **Tim Law**, our senior policy adviser on taxation, together with **Sandy Markwick**, Head of TDN, **Stephen Herring**, Head of taxation and **Allie Renison**, Head of Europe & Trade Policy of IoD.

Anneliese Dodds

UK Member of the European Parliament (Socialist group), Member of the EP's economic and monetary affairs Committee - ECON; Co-rapporteur on the parliament's initiative report on tax avoidance.

The "closed door" nature of the discussions provided for a very open and uninhibited debate. While the Chatham House Rule prevents detailed reporting, the following themes emerged across both events:

- The discussion explored the general role of Brussels in the tax debate, with a particular focus on the proposals included in the draft tax report of the ECON Committee ("the Report"), published on 4 September 2015. A summary of some of the key elements of the Report can be found [here](#).
- The proposals in the Report fall into 3 categories, being Transparency, Coordination and Convergence. There was a question as to whether a category is missing. Simplification is an important stated objective of the EU proposals, and perhaps this should be clearer.
- With a "level playing field" as a stated objective, there was discussion as to what this means. Does it mean level between companies or between countries? And is there sufficient focus on competitiveness between the EU and the rest of the world? Although the proposals in the report do not focus on the overall amount of tax collected, there remained a concern as to whether the presumption is a leveling up of taxes, rather than a leveling down.
- Proposals for a Common Consolidated Corporate Tax Base "CCCTB" were seen as flawed, given

that numerous MNEs also operate in many non-EU jurisdictions and so CCCTB will not significantly reduce complexity.

- There was also concern that CCCTB being mandatory takes away much of the upside for business associated with the optional nature of previous CCCTB proposals.
- There was also very little support for the objective of a Common Corporate Tax Base “CCTB”, without consolidation. If you favour CCCTB, CCTB seems an unnecessary stepping-stone, and in the absence of any clarity as to what any interim cross border loss relief might look like, it only adds to uncertainty.
- The imperative for the EU to ensure that members remain tax competitive with other countries for both entrepreneurial activity and foreign direct investment was discussed. Similarly, it was noted that any attempts by the EU or its member countries to ‘gold-plate’ the suggested outcomes of international initiatives must be resisted.
- As a general point, there is a real challenge for the EU in achieving any political agreement to converge tax rules, with potentially insurmountable challenges at a practical level. Willingness at government level does not always lead to effective implementation when it comes to tax authorities. The example given was the proposal for a common EU VAT return, which is politically obvious but has failed to be implemented in practice.
- On transfer pricing, there were a range of views in support of and critical of the arms length principle. Many felt EU-wide formulary apportionment is not the answer either. As well as causing problems for businesses with operations outside the EU, it also risks simply moving the debate from transfer pricing to the details of any apportionment formulae.
- On tax transparency there was concern about ever increasing requirements to disclose more data, cut in different ways, and that the real challenge facing business is the volume of explanation that needs to be generated to accompany that data. It was suggested that perhaps the time has come to let the new transparency requirements already in place bed down, before going further.
- It was agreed that there is a need for better communication with the general public that there is an effective tax regime and administration in place, at least in the UK, and that most businesses do pay their taxes.

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