

S&D Euro MPs pushed towards harmonised corporate taxation to end tax race to the bottom

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Today, S&D Euro MPs backed a set of proposals to upgrade the tax system in Europe and to ensure that tech giants such as Google and Facebook pay their fair share of tax.

The common corporate tax base (CCTB) together with the common consolidated corporate tax base (CCCTB) offer a new standard for the taxation of multinationals.

S&D Euro MP Paul Tang, who has drafted the report on the common corporate tax base said:

"Tech giants such as Facebook, Amazon and Booking.com will feel the consequences of this proposal, and it is high time. Member states are losing billions of euros because their national tax systems require the physical presence of a company. This principle is at odds with today's reality of digitalisation.

"The common consolidated corporate tax base ensures that companies pay taxes where their activity takes place. Differences in the base, now fully utilised by large digital companies and multinationals, will belong to the past.

"This report sets a new standard for corporate taxation, which is direly needed. Right now, corporate taxation is levied nationally. Thanks to globalisation and digitisation, big companies can meticulously plan the most profitable tax strategy, taking full advantage of differences among national taxation systems. This proposal will put an end to these practices".

"The agreement comes at an important point in time; France and Germany work on a European corporate tax and the European Commission wants a digital tax. National and European leaders seem to grasp how the current system is outdated and leaves citizens and small companies worse off. International action is needed to turn the tide, and this will certainly not come from the Donald Trump administration. The EU is our best chance to make our tax system more just, and more modern."

S&D Group spokesperson on the Common consolidated corporate tax base, Belgian socialist Hugues Bayet added

"The different tax scandals such as Luxleaks, Panama or Paradise Papers have one thing in common. They show that multinationals pay almost no tax, taking advantage of our 28 different tax systems in Europe.

"We think that everyone, citizens, SMEs and multinationals should pay their fair share of tax. Tax helps finance our social security, our schools, hospitals, transport, in essence our entire

economy.

"Concretely, according to the proposal, there will be only one place of taxation. Multinationals will have one point of contact with a single tax administration for all their activities in Europe.

"With this text, companies operating cross-border will have to comply with a single European system to determine their taxable income, rather than the different national regimes in which the activity is carried out.

"This reform is a game changer and the only way to end multinationals' tax shopping".

S&D Group spokesperson on economic and monetary affairs, Pervenche Berès, concluded:

"Every year, member states lose between €50 and €70 billion in tax revenue due to the strategic tax planning of multinationals. Money that could be used for healthcare, education and public services.

"Member states now have a choice to make. They could decide to keep turning a blind eye or they can make a big step towards the harmonisation of the corporate tax system in Europe. This is the only way to stop the race to the bottom between the member states.

"This is also why we believe in the necessity of a minimum tax rate: such a consolidated tax will provide a welcome basis for an own resource for the Union budget.

"As Socialists and Democrats, we want a fair and just tax system in Europe. It is high time that taxes are paid where profits are made".