

Wolfgang Schön  
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*Editors*

# A Common Consolidated Corporate Tax Base for Europe

## Eine einheitliche Körperschaftsteuerbemessungs- grundlage für Europa



Max Planck Institute for Intellectual Property,  
Competition and Tax Law

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# Preface

This book contains the proceedings of the International Tax Conference on the common consolidated corporate tax base (CCCTB) that was held in Berlin on 15<sup>th</sup> – 16<sup>th</sup> May 2007. The conference was jointly organised by the German Federal Ministry of Finance, the Centre for European Economic Research (ZEW), Mannheim, and the Max Planck Institute (MPI) for Intellectual Property, Competition and Tax Law, Munich. More than 250 participants from all over Europe and other regions, scholars, politicians, business people and tax administrators, discussed the European Commission's proposal to establish a CCCTB. Three panels of tax experts evaluated the common tax base with respect to structural elements, consolidation, allocation, international aspects and administration.

The conference made clear that the CCCTB has the potential to overcome some of the most intriguing problems of corporate income taxation within the Common Market. Common tax accounting rules substantially reduce compliance and administrative costs. Consolidation of a group's profits and losses effects cross-border loss compensation which removes a major tax obstacle for European cross-border investment. At the same time, tax planning with respect to financing and transfer pricing is pushed back within the European Union. Moreover, as far as the CCCTB applies, member states are able to remove tax provisions that are targeted at cross border tax evasion and that might be challenged by the jurisdiction of the European Court of Justice.

In the course of the conference the severe problems of implementing a CCCTB became evident as well. The impending loss of member states' tax sovereignty is one of the most important obstacles on the way to a CCCTB. Member states may see their corporate income tax base endangered by the agreed apportionment rule that divides the common tax base. Moreover, both the administration and the protection of the common tax base are major issues of concern. It is a highly controversial issue if the common tax base should come along with a common corporate income tax rate or at least with an agreed minimum tax rate. Given both the technical problems of a CCCTB and the noticeable reluctance of member states to agree on key elements of the CCCTB, alternative concepts of consolidation being more in line with existing and internationally accepted tax policies might have to be taken into consideration.

The conference made a substantial contribution to the ongoing evaluation of the ambitious concept of a CCCTB. The proceedings give an insight into the many conceptual problems and technical details of establishing a common tax base in the European Union.

The editors acknowledge the generous financial and personal support from the European Commission, the German Federal Ministry of Finance, MPI and ZEW with respect to the organisation of the International Tax Conference and the publication of the proceedings. Furthermore, we would like to take the opportunity to thank all conference speakers for their valuable contributions published in this book. Special thanks go to Silke Bruns, Rainer Wächter and Martin Umbach (all German Federal Ministry of Finance) for organising the International Tax Conference, to

Sybille Haase, Martina Hapke, Antja Schiffli-Lenth, Wanda Sene, Gabriele Stricker (all German Federal Ministry of Finance), to Annina Schlueter (Mannheim University) and to Arne Friese and Stefan Mayer (Max Planck Institute) for their help in preparing this book.

Mannheim and Munich  
December 2007

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*Ulrich Schreiber*  
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