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Why the Common Consolidated Corporate Tax Base is much more than a cryptic acronym

A blog from our Tax Justice Campaign

CCCTB: Say hello to the new acronym in town. It stands for Common Consolidated Corporate Tax Base and while it might sound boring, it's actually something quite revolutionary. The European Commission is launching this legislative proposal today and it will radically change the way we tax multinationals operating in Europe. It is meant both as a tool to foster business across Member States and a means to fight corporate tax avoidance.

The proposal itself is not new. The idea has been discussed since the 2000s and the European Commission launched a CCCTB proposal way back in 2011. Unfortunately, a lack of appetite from Member States allowed the proposal to get stuck in the Council's pipeline for five years. But the circumstances have now changed. The Brexit vote and the decision against Ireland in the Apple case make it much harder for famous adversaries of the proposal, UK and Ireland to name just two, to loudly voice their concerns on this tax move.

In short, the Commission is proposing:

- A common tax base in Europe: meaning companies will be taxed on the same thing across Europe, but with different rates in each Member States
- (At a later stage) A consolidated tax base in Europe: meaning we will be looking to tax companies at the European level, consolidating their losses and profits across all 28 member states, rather than looking at each subsidiary to determine what taxes have to be paid.

The CCCTB has many advantages: its makes it simpler for businesses to operate in different countries, and it's easier for tax administrations to know what companies should pay, ending the artificial transfer of profits into subsidiaries located in low-tax countries. Indeed, the objective is to consolidate profits and losses of companies at the European level and to apply a "formula" to decide which EU countries can tax the company. This formula is based on three factors: number of employees, assets and sales. Countries where the company has these elements will therefore get the right to tax a certain percentage of the company's profits.

This is why it is revolutionary. Corporate tax rules are about 100 years old. They were designed in the

1920s when international trade looked a lot different. The way we currently tax companies, treating subsidiaries from the same company as if they are completely independent entities, does not reflect the reality of their operations. The CCCTB would mean EU countries joining together to accept who can tax what according to the real economic activity of the companies. This would be a powerful statement for a stronger European future, working for European business and citizens.

At a time when 88% of citizens want Europe to do more on fair taxation, Greens call on European Member States to step up and deliver on the CCCTB. Sounds like a boring acronym, but it is a game changer.

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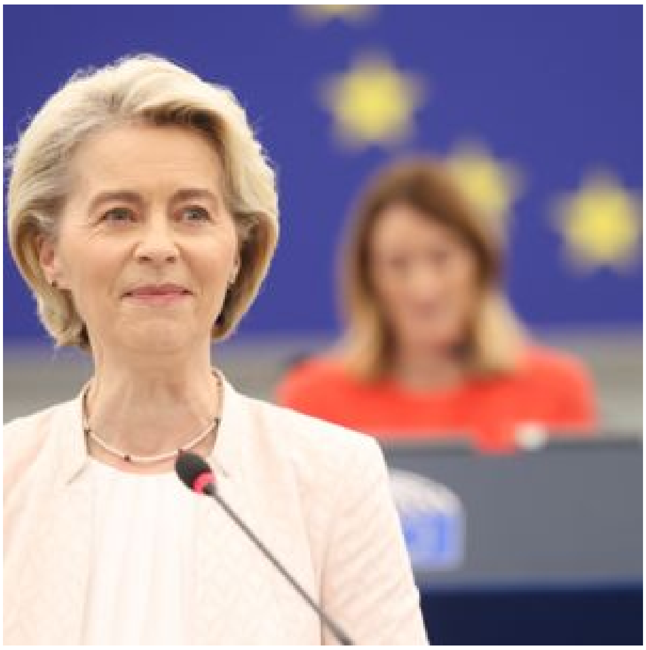

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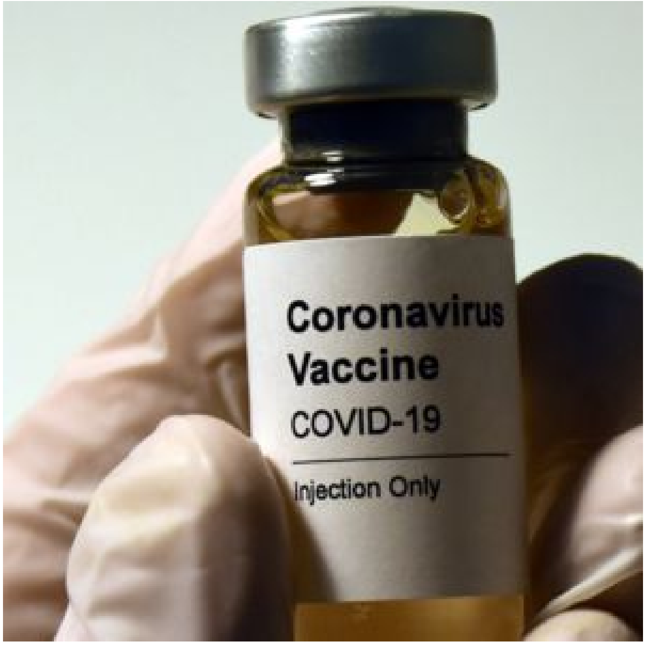

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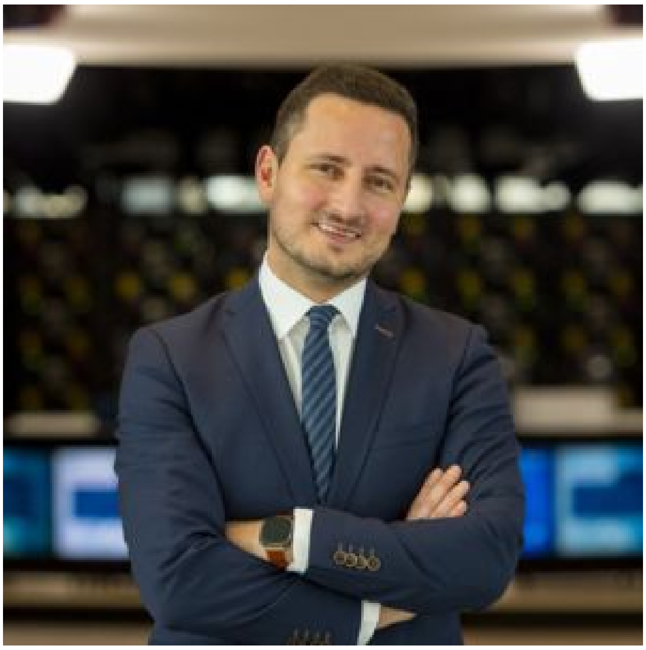

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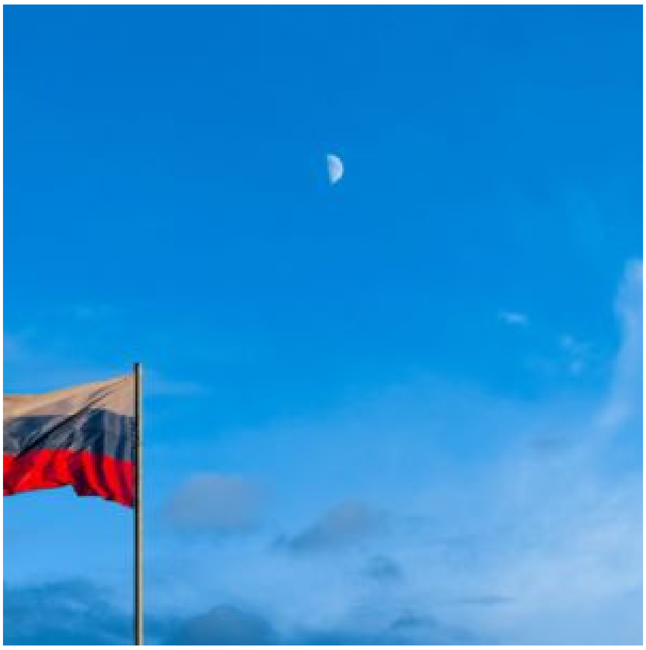

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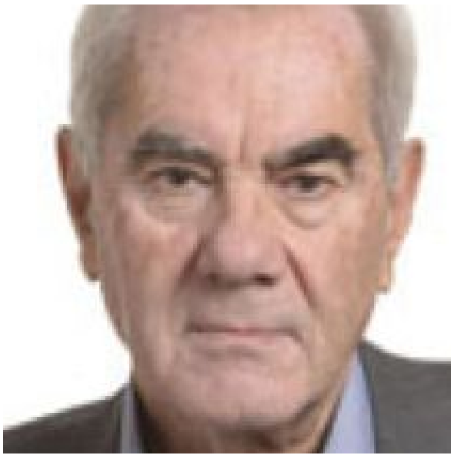

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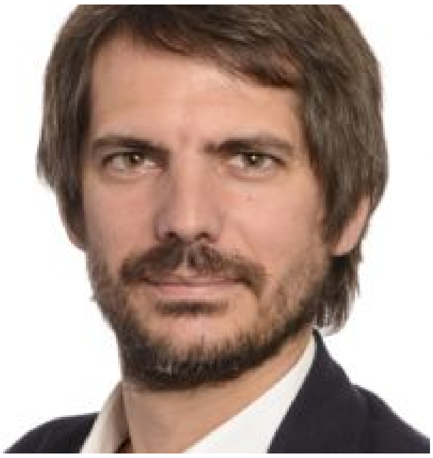

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