

CFE EUROPEAN TAX REPORT 2006/05

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Date: 20.04.2006



LATEST CFE NEWS

► CFE FORUM 2006

Please note that there are still places available for the CFE Forum 2006 on 27 April. More information can be found on the CFE website www.cfe-eutax.org.

LATEST EUROPEAN DEVELOPMENTS

European Commission:

► **Company Taxation: towards a common consolidated corporate tax base, the European Commission presents a progress report and outlines the next steps**

Progress is being made by the Commission led expert working group on the Common Consolidated Corporate Tax Base (CCCTB). The CCCTB will enable companies to follow the same rules for calculating the tax base for all their EU-wide activities, thereby removing many of the tax obstacles to companies operating across the Internal Market. Member States will retain full sovereignty over their tax revenues as they will continue to set their own national tax rates. The European Commission plans to present its legislative proposal in 2008.

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Kovács Speech: [EN](#)

► **Car taxation: infringement procedure against Cyprus**

The European Commission has decided to send Cyprus a formal request for information concerning the taxation rules applied on the registration of second-hand cars brought into Cyprus from other EU Member States. The rules are applied in a way that may breach the EC Treaty provisions on equal treatment of domestic products and those of other Member States.

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► **Conference on 'Modernising the VAT rules for financial services and insurances', 11 May 2006, Brussels**

The conference will be hosted by the European Commission and launched by Commissioner László Kovács, responsible for Taxation and Customs Union. It will bring together representatives of the EU institutions, the Member States and the business community.

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► **Commission VAT study**

The Commission has published a contract notice for a study on reduced rates of VAT applied to goods and services in the EU Member States. The deadline for submitting an application for inclusion in a selected list of tenders is 11 April 2006.

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► **VAT/ Postal services - Commission launches infringement proceedings against Germany, the United Kingdom and Sweden**

The European Commission has sent formal requests for information to the United Kingdom, Germany and Sweden on the VAT application of postal services. The United Kingdom and Germany exempt from VAT all or most postal services supplied by their former postal monopolies, while Sweden does not exempt postal services. Current VAT legislation is not yet adapted to the postal market that was liberalised by Directive 97/67/EC. The Commission, awaiting the revision of the current legislation according to its proposals, has to ensure a proper application of the VAT postal exemption in order to avoid distortions of competition between former monopolies and market entrants.

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► **Excise duties/cigarettes: The European Commission alerts Member States on minimum retail selling prices**

The European Commission is taking action against Member States that impose minimum retail selling prices on cigarettes. The Commission, in line with the jurisprudence of the European Court of Justice, takes the view that such minimum prices infringe Community law, distort competition and just benefit manufacturers by safeguarding their profit margins. The relevant Council Directive (95/59/EC) on taxes contains the right of the manufacturer and/or importer of tobacco products to determine the retail selling price.

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► **The contribution of taxation and customs policies to the Lisbon Strategy, Speech by Commissioner Kovács**

“I would like to start by trying to identify the real problems which the European Union faces today. One set of problems relates to the international economic environment in which the EU has to operate. Today we are living in a global environment. This means that there is increasing competition and rivalry between the Union and other economic and political power centres. These include traditional competitors such as the US and Japan, but also new and growing competitors such as China (just think of the textile issue), Russia, India and the Far East in general.”

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► **The European Commission's business taxation agenda, Speech by Commissioner Kovács**

“The subject of this conference, “the impact of business tax in an international context”, is very topical and important for the Commission and for me as a Commissioner for taxation and customs policy. In the framework of the subject, I want to focus on three issues: First, what should the EU tax policy priorities be?, second, what role should the EU have? and third, how should we work out our policies?”

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The Council:

► **Preparation of Eurogroup and Informal Economic and Finance Ministers Council, Vienna 7 and 8 April**

Ministers are expected to have an exchange of views on the best working methods towards creating a Common Consolidated Corporate Tax Base (CCCTB). The 25 different methods to calculate the corporate tax base result in a lack of transparency as far as the tax burden is concerned, huge compliance costs, administrative burden and the lack of cross-border loss-relief, among other problems.

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European Court of Justice:

► **Case C-451/03, Servizi Ausiliari Dottori Commercialisti, Freedom to provide services**

The Court concludes that the freedom of establishment and the freedom to provide services preclude national legislation which reserves exclusively to CAF the right to pursue certain tax advice and assistance activities.

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OECD:

► **New Chair of the OECD's Committee on Fiscal Affairs**

The OECD has announce the appointment of the new Chair of its Committee on Fiscal Affairs (CFA), Mr Paolo Ciocca of Italy. Mr Ciocca took up his duties on 1 April, replacing Mr Bill McCloskey of Canada.

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► **Tax wedges on earnings vary sharply in OECD countries**

Belgium, Germany and Hungary impose the highest taxes among OECD countries on the pay of a single person on average earnings, while Korea, Mexico and New Zealand take the least, according to the latest edition of the OECD's annual publication Taxing Wages.

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