

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

10088/92 (Presse 216)

1621st Council meeting

ECONOMIC AND FINANCIAL QUESTIONS

Brussels, 23 November 1992

President : Mr. Norman LAMONT
Chancellor of the Exchequer
of the United Kingdom

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The Governments of the Member States and the Commission of the European Communities were represented as follows:

Belgium:

Mr Philippe MAYSTADT Minister for Finance

Denmark:

Mr Thor PEDERSEN Minister for Economic Affairs

Germany:

Mr Johann EEKHOFF State Secretary for Economic Affairs
Mr Horst KÖHLER State Secretary for Finance
Mr Franz-Christoph ZEITLER State Secretary for Finance

Greece:

Mr Stefano MANOS Minister for Economic Affairs

Spain:

Mr Carlos SOLCHAGA Minister for Economic Affairs and Finance
Mr Pedro PEREZ State Secretary for Economic Affairs and Finance

France:

Mr Michel SAPIN Minister for Economic and Financial Affairs
Mr Martin MALVY Minister for the Budget

Ireland:

Mr Pádraic MACKERNAN Ambassador, Permanent Representative

Italy:

Mr Piero BARUCCI Minister for the Treasury

Luxembourg:

Mr Jean-Claude JUNCKER Minister for Finance

Netherlands:

Mr Wim KOK Minister for Finance
Mr Marius VAN AMELSVOORT State Secretary for Finance

Portugal:

Mr Jorge BRAGA DE MACEDO Minister for Finance
Mr José BRAZ State Secretary for the Treasury

United Kingdom:

Mr Norman LAMONT Chancellor of the Exchequer
Sir John COPE Paymaster General
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Commission:

Mr Jacques DELORS President
Sir Leon BRITTAN Vice-President
Mr Henning CHRISTOPHERSEN Vice-President
Mr Peter SCHMIDHUBER Member
Mrs Christiane SCRIVENER Member
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The following also attended:

Mr Jean-Claude TRICHET Chairman of the Monetary Committee
Mr José Juan RUIZ Chairman of the Economic Policy Committee

GUIDELINES ON COMPANY TAXATION LINKED TO THE FURTHER DEVELOPMENT OF THE INTERNAL MARKET - COUNCIL CONCLUSIONS

The Council

- agrees with the Commission's assessment of the value of the Ruding Committee's contribution to the debate within the Community and internationally on the part played by company taxation and its impact on cross-frontier financial and investment flows;
- takes note of the Commission's endorsement of the Ruding Committee's conclusions that, "given the importance of taxation for Member States' sovereignty and the principle of subsidiarity, Community action on business taxation should be limited to the minimum necessary to ensure that the internal market functions smoothly";
- endorses the pragmatic and progressive approach recommended by the Commission of the Committee's findings;
- respecting the wider objectives of Community policies and subsidiarity criteria and taking account of the principle that Community action on business taxation should be limited to the minimum necessary to ensure that the internal market functions smoothly, considers that special measures should be proposed only if they:
 - = take account of the general fiscal environment of the Member States as well as the budgetary constraints;
 - = recognize that taxation is only one factor amongst others in investment decisions;
 - = take account of the effect on trade and investment flows not only between the Member States, but also between the Community and the rest of the world;
 - = take account of the importance of simplicity and administrative practicability;
 - = take account of the need to combat tax evasion and avoidance;
 - = follow comprehensive consultations with the Member States and appropriate consultations with other interested parties;
- agrees that the above mentioned criteria should be applied to the consideration of whether issues merit action and the level at which identified problems might be resolved, including those measures which are best taken on the basis of voluntary co-operative action;
- recognizes the importance of eliminating double taxation of cross-border income flows and consequential distortions, but also recognizes the importance of ensuring adequate and effective

taxation at least once;

- endorses the concern expressed by the Commission and the Ruding Committee about the effects of special tax arrangements designed to attract internationally mobile capital and other tax incentives where these tax arrangements of incentives result in loss of revenue to other Member States and unfair competition; believes that consideration is urgently needed of possible remedies to this problem in general and in this context:
 - = agrees with the Commission's view that there would be problems with the Ruding Committee's proposal for a minimum rate of corporation tax of 30%;
 - = in relation in particular to Article 92 of the Treaty establishing the European Economic Community, notes the relevance of the strict application of competition rules whilst at the same time recognizing that favourable tax treatment can, under certain circumstances, have a legitimate role to play in particular as one element in a cohesive regional development policy;
- accordingly agrees that examination of the issues raised should be continued in the light of these conclusions.