



*"The voice of crafts and SMEs in Europe"*

## **Common tax base good in principle but EU plans are too complex, say SMEs**

Brussels, 16 February 2011 – A common tax base could dramatically reduce compliance costs for small companies operating cross-border in the EU, according to UEAPME, the European craft and SME employers' organisation. However, the plans for a common consolidated corporate tax base (CCCTB) unveiled by the European Commission today are too complex and not in line with the needs of SMEs, warned UEAPME, urging the Commission to provide a small business friendly version of the CCCTB. The organisation also raised doubts on the CCCTB being optional. This would add a 28<sup>th</sup> tax system to the 27 existing ones, complicate the status quo, oblige Member States to run two systems at the same time and create an extra opportunity for "tax engineering".

Economic and Fiscal Policy Director **Gerhard Huemer** offered the following comments:

*"Compliance costs for small businesses taxed in more than one Member State can be as high as 2.5% of turnover, as opposed to a mere 0.02% for larger corporations. That is why the vast majority of our members is in favour of a common, Europe-wide tax base, which would dramatically reduce costs and remove an obstacle to more intra-EU trade for SMEs."*

*"While the Commission must be praised for putting the CCCTB proposal on the table, today's communication is extremely complicated and was clearly not written with small companies in mind. We doubt that the text as it stands will bring about concrete advantages for SMEs, unless a simplified version for smaller enterprises is provided."*

*"We will thoroughly analyse the communication and respond to the Commission with a comprehensive set of comments in the coming weeks. However, we can already express reservations on the concept of optionality. Leaving the application of the common tax base as an option would mean adding a 28<sup>th</sup> system to Europe's 27 diverse and inconsistent tax regimes. Member States would have to run two systems in parallel, with a different tax base and possibly different tax rates. On the other hand, optionality would also create an extra opportunity to practice 'tax engineering'. It is hard to see how this could improve the current situation, especially as far as SMEs are concerned."*

\*\*\*\* END \*\*\*\*

**EDITORS' NOTES:** UEAPME is the employers' organisation representing exclusively crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 80 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information: <http://www.ueapme.com/>

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