

Courtesy translation



THE SENATE
OF THE PARLIAMENT OF THE CZECH REPUBLIC
11TH TERM

114th

RESOLUTION OF THE SENATE

Delivered on the 5th session held on 8th March 2017

**on the Proposal for a Council Directive on a Common Corporate Tax Base
(Senate Print No. N 121/10; COM(2016) 685)**

**on the Proposal for a Council Directive on a Common Consolidated Corporate
Tax Base (CCCTB)
(Senate Print No. N 122/10; COM (2016) 683)**

**on the Proposal for a Council Directive on Double Taxation Dispute Resolution
Mechanisms in the European Union
(Senate Print No. N 123/10; COM(2016) 686)**

**on the Proposal for a Council Directive amending Directive (EU) 2016/1164 as
regards hybrid mismatches with third countries
(Senate Print No. N 124/10; COM (2016) 687)**

The Senate

I.

1. Agrees

with the need to strive to improve the business environment in the EU single market and therefore understands the Commission's efforts to introduce a system which would be more transparent and would reduce the cost of tax compliance for companies in cross-border transactions;

2. Supports

efforts to establish rules that will eliminate many of the weaknesses of the current tax framework that allows aggressive tax optimization and tax evasion, and that will make corporate taxation more transparent;

II.

1. Points out

that direct taxation falls within the competence of the individual Member States, uniform regulation in this area will inevitably lead to a partial

restriction of national sovereignty in tax policy; there will be limitations to the possibility to use the tax system to achieve the goals of economic policy;

2. Considers, however,

that EU Member States will still have economic tools which will allow them to influence economic policy in the tax system even after the introduction of these rules, such as tax rates and ability to set their progression, setting taxation of dividends, the tax and contribution burden on labour, taxation of negative externalities, for example, in the form of environmental taxes and others;

3. Appreciates

efforts to create uniform rules, which will establish a broad tax base with as few exceptions as possible, which is consistent with the national tax policy of the Czech Republic, as well as significant reduction of the possibility of shifting profits within the EU and the introduction of rules that will guarantee that profits will be subject to taxation where they were made;

4. Agrees

with the approach that in case of further negotiations on a common tax base, the proposal concerned only large multinational groups with worldwide revenues of over 750 mil. EUR annually, i.e., the other companies could participate in the CCTB and CCCTB on voluntary bases;

5. Believes

that the rules contained in the Proposal for a Council Directive on Double Taxation Dispute Resolution Mechanisms in the EU should not be determined by the legal form of the Council Directive, but by the form of a Council Recommendation, and in this context supports the Position of the Government;

6. Supports

the Proposal for a Council Directive amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries, since it contains new measures that would prevent companies exploit loopholes in the tax systems of the Member States and countries outside the EU for tax evasion;

III.

1. Requests

the Government to inform the Senate about the way this Resolution has been taken into account and to provide the Senate with further information on the proceeding of negotiations;

2. Authorises

the President of the Senate to forward this Resolution to the European Commission.

Milan Štěch
sign manual
President of the Senate

Tomáš Grulich
sign manual
Senate Verifier