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EU JOINT TRANSFER PRICING FORUM

ADDITIONAL COMMENTS ON THE FUTURE WORK PROGRAM

Meeting of Tuesday 14th September 2006

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Background document

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Comments from The Netherlands:

The draft working program has not been discussed at the last JTPF meeting. From the June 2006 JTPF meeting we understand that it is the intention of the Bureau/ Secretariat that the new Forum, if any, will decide on its working program. We also understand that the Commission might decide during summer time on the renewal of the Forum after 2006. In this respect we like to provide you with our thoughts.

The Netherlands would support extension of the JTPF. Taking into account the work accomplished by the Forum (on the arbitration convention and documentation) and the difficulties arising from 4 meetings per year, the Netherlands considers 2 meetings per year sufficient to deal with the remaining issues to be discussed.

As regards the secretariat information note on the future work program (document JTPF/021/2006/EN), the Netherlands has the following remarks. We would support the monitoring work (par. 4.1.1), work for SME's (par. 4.1.3) and follow up of the Arbitration Convention work (par. 4.1.4). The Netherlands however is of the opinion that the Forum should not pursue any activities for which the OECD is better equipped. It is important that the Forum and OECD by no means go in any different way and in our view this risk is present if the Forum might pursue activities on technical issues. The Netherlands therefore does not agree on the idea of making "shorter, more focussed documents" on technical issues as taken up in par. 4.1.2 (triangular cases, CCAs). These are typically topics that should be taken up by the OECD and not the Forum.

In our paper of 26 February 2006 we have made some proposals that the Forum might consider. We suggested to discuss whether bilateral agreements between two tax administrations on an accepted range can result in a significant relief of documentation requirements for taxpayers. For example: an agreement that a cost plus within a certain range might be acceptable for specifically, narrowly described, elementary service activities. If such an agreement could be reached, then the taxpayer would no longer be required to perform a costly benchmark study if he uses this agreed range. Furthermore, cases of double taxation due to differences in domestic legislation will be limited. We would like to discuss whether the EU internal market might benefit from such an approach.

Another topic to be considered might be the use of databases. The use of databases in the EU causes problems for tax authorities and taxpayers. US databases however contain more information and are more useful. The Forum might consider to discuss how European databases could be improved.