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Comments on document CCCTB\WP\005 – Common Consolidated Corporate Tax Base Working Group – Intangible assets and tax depreciation

As a general principle, depreciation of assets, being tangible or intangible, should be based on the same founding principles. To the extent the specific features of intangibles calls for special treatment, it is suitable that such rules are regarded as *lex specialis* in relation to these general principles. With this in mind, it is important to first agree on the general principles. Of the specific issues raised on depreciation of intangibles we would like to give the following comments.

We agree with the Commission that intangible assets of smaller value and/or short life should be expensed as incurred. This promotes simplicity and provides for similarity with respect to previous suggestions regarding the treatment of tangibles.

The distinction between internally generated and externally acquired intangibles is important. Considering the great difficulty of identifying and valuating internally generated intangibles, it appears appropriate that the CCCTB is based on the main rule that they are not activated as assets for tax purposes. As a consequence, they should, also as a main rule, not be amortised. Conversely, intangibles that are externally acquired should in principle be activated as assets at cost and amortised. Whether internally generated or externally acquired, costs attributable to intangibles should always be deductible.

Following the general principles of depreciation, an intangible that is recognised as an asset for tax purposes shall be amortised. It must be recognised that intangibles, such as trade marks and brands, with very few exceptions looses value over time if they are not maintained through for example advertising. For reasons of simplicity, amortisation should preferably be based on fixed tables with the right for the taxpayer to deviate from these tables if a shorter lifetime can be established.

A differentiated treatment appears reasonable with respect to R&D. As pointed out in the paper, R&D is a key driver for the economic growth and the competitiveness of the European Union. This may call for an accelerated depreciation scheme.

The establishment of value and economic life time should be based on the principle of prudence. The company possessing the asset is reasonably best equipped to make such judgements. If itemised, we believe that the CCCTB should be founded on a system where the depreciation is based on a fixed period of time rather than an *in casu* estimation of the life time. Again this is motivated by reason of simplicity and coherent applicability.

On behalf of the UNICE Task Force on CCCTB

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