



BUSINESSEUROPE DRAFT RESPONSE TO DOUBLE TAXATION RESOLUTION MECHANISM SURVEY

SEPARATE COMMENTS

Q: 2.3 Do you think the dispute resolution mechanisms currently available in the EU (e.g. DTC or AC) are sufficient as regards scope, enforceability and efficiency?

Tax authorities frequently operate a threshold mechanism below which inter-country dispute resolution cannot be triggered. Whilst that may be practically understandable, it discriminates against smaller transactions and companies.

Applying the EU Arbitration Directive after domestic appeals have been exhausted can be problematic e.g. Italy takes the view that at that stage there is no possibility to apply the directive. A consistent and absolute right to access that directive should be consistently applied across all countries

Q: 2.4 What do you think are the impacts of double taxation arising in the EU?

Box:

- The compliance and other costs of eliminating the adverse business cost that double taxation gives rise to
- Double taxation can create uncertainty and have a negative impact on the country's overall attractiveness for business to invest in. In particular if there is a lack of commitment to an effective dispute resolution mechanisms.

Q: 4.1 Do you want the EU to pursue the following directions?

Box:

- Enhance dispute resolution measures for other non-TP aspects such as resolution on attribution of profit to PEs
- Ensure any measures are compatible, full, in line with the BEPS outcomes agreed in 2015 and afterwards
- Encourage all the Member States to sign up to the mandatory binding arbitration process that the OECD is now developing, following the conclusion of BEPS Action 14. In turn, this would reduce the need for the various ad hoc suggested solutions and have the advantage of achieving wider international consistency