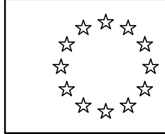

EUROPEAN COMMISSION
DIRECTORATE-GENERAL TAXATION AND CUSTOMS UNION
Analyses and tax policies
Analysis and Coordination of tax policies

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SUMMARY RECORD OF THE MEETING OF THE COMMON CONSOLIDATED CORPORATE TAX BASE WORKING GROUP

Held in Brussels on 12 September 2006

I. OPENING OF THE MEETING

1. The eighth meeting of the Commission Working Group on the Common Consolidated Corporate Tax Base (hereafter the 'WG') was attended by experts from all Member States (hereafter MS) plus observers from Bulgaria and Romania and was chaired by the Commission Services. The Chair welcomed the participants and opened the meeting.

2. The Chair introduced Mr Paul Farmer as new Head of the Unit 'Analyses and coordination of tax policies' in the DG TAXUD.

II. ADOPTION OF AGENDA

3. The Chair presented the draft agenda and provided Members[1] of the WG with an overview of documents distributed before the meeting.

4. The agenda was adopted by consensus.

III. REPORT AND DISCUSSION ON PROGRESS OF SUBGROUP ON TAXABLE INCOME (Working Document 'An overview of the main issues that emerged at the fourth meeting of the subgroup on taxable income' CCCTB/WP/043)

5. The Chair of the subgroup on taxable income (hereafter 'SG3') presented his report of the fourth meeting of the SG3 that took place in Paris on 29 June 2006 and was attended by experts from 14 MS.

6. The Chair of SG3 highlighted the main discussion points in SG3 as the tax treatment of income, the treatment of expenses, the methodology of determination the tax base and the treatment of losses.

7. A definition of taxable income was agreed. Only dividends and capital gains on participations would be exempted. As regards the recognition of sales of goods and services, the SG3 agreed to rely on IAS 18 criteria (in practice sales of goods would follow criteria based on transfer of economic ownership and services would be taxed when completed). SG3 decided also to define the treatment of inventories in accordance with IAS 2. The Chair added that the majority of the experts preferred a direct approach for writing off the value of inventory. Only if the reduction in value is likely to be provisional would the creation of a provision be a sensible idea.

8. The Chair of SG3 concluded that the definition of expenses should be as symmetrical as possible with that of taxable income. The SG3 suggested defining expenses as decreases in economic benefits in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases of equity, other than those relating to distribution(s) to equity participants and complemented that all expenses

[1] Throughout the document the terms 'members', 'experts', and 'Member States' (MS) are used. In common with other documents these should be understood to refer to individual experts participating in the meeting. They do not indicate any formal position or view of a MS.

made for business purposes and incurred by companies during the taxable period should be deductible, except expenses shown in a special list. The Chair of SG3 stressed that this definition was relying on there being an appropriate business purpose test and stressed the importance of providing a formal justification of expenses. However as regards expenses related to exempted income, no consensus had been reached as regards the proper methodology to identify the expenses to be regarded as non deductible.

9. The Chair of SG3 also reported on the discussion on the deductibility of local taxes and national social security contributions. The SG3 concluded that the deductibility within the CCCTB might raise some problems as some states fund their local authorities through subsidies and other allow them to levy locals taxes. Some MS considered that local taxes should be deductible when they represented payment for the provision of specific services (e.g., taxes on waste collection). If there is no direct relation between the local taxes and the services the question of deductibility remains open and should be further discussed.

10. In the same way as for local taxes one extreme solution would allow that all social security contributions would be deductible. The other extreme would be that only compulsory social security contributions would be deductible and voluntarily contributions were non deductible. A more balanced solution could be that compulsory and voluntary social security contributions should be tax deductible, but there should be some form of threshold for voluntary social contributions.

11. Fines, sanctions and expenses in relation with gifts were identified as non-deductible items, however expenses that can be directly connected to the business should be deductible (eg gifts to clients) or when granted to non profit organisations. The Chair of the SG3 also referred to the question of which period the expenses should be attached to. MS represented in the SG3 concluded that expenses should be taken into account at the same time as the economic advantage derived.

12. SG3 also analysed the treatment of losses in the MS. All MS allow a loss carry-forward with modalities ranging from unlimited carry-forward to limited durations of 5-15 years. A loss carry-back is only permitted in five MS. The Chair concluded a clear direction in favour of loss carry-forward with a preference of an unlimited carry-forward. If an unlimited carry-forward is introduced the practical modalities must be provided for such as rules concerning the period over which records must be maintained by companies. Loss carry-back did not seem to be an appropriate approach for the purpose of the CCCTB.

13. The Commission Services summarised the main points for discussion in the working document 'An overview of the main issues that emerged at the fourth meeting of the subgroup on taxable income (SG3)' (CCCTB/WP/043) which they presented and invited Members of the WG to comment. The main issues identified for additional debate were the methodology of the calculation of the tax base, and deductibility of national social security contributions and local taxes. Different solutions for social security contributions and local taxes were described in detail by an example.

14. In the ensuing discussion on the methodology two experts were in favour of the profit and loss approach because this method seems to be simpler than to draw up a separate tax balance sheet. They agreed with the Commission Services that the additional information required could be taken from the accounting balance sheet.

15. The Commission Services introduced the problem of the deductibility of social contributions and local taxes and observed that experts participating in the SG3 seemed to agree that mandatory social security contributions should be deductible without limit, but that for voluntarily paid social contributions some expressed a preference to introduce specific anti-avoidance rules particularly for companies where the shareholders, employees or directors are the beneficiaries.

16. The Commission Services pointed out that local taxes, i.e. direct taxes other than corporate income taxes, are a very specific CCCTB issue due to the allocation and apportionment of the tax base. If one MS allows the deduction of local taxes before apportionment it influences the shares of the tax base of other MS that do not levy such taxes. The Commission Services identified four possible solutions: (i) only taxes in return for specific services where the company is free to decide to receive such service are tax deductible. All other taxes are not deductible; (ii) same as in (i) but other taxes are only deductible after apportionment; (iii) income (profit) taxes are only deductible after apportionment, others are deductible before apportionment; (iv) all taxes and charges which represent a mandatory expense for companies are deductible before the apportionment (mutual recognition principle).

17. One expert stated that local taxes should not be tax deductible from the CCCTB tax base. Only charges for specific services (e.g., use of street, waste water) should be tax deductible. In contrast, social security contributions represent costs, and therefore, should be deductible. However, anti-avoidance rules seem necessary in order to prevent from redefining salaries into social security contributions.

18. Another expert pointed out that local taxes should only be deductible after the apportionment. Otherwise one MS would finance another MS, e.g. through high energy taxes for companies. If local taxes were tax deductible before apportionment, MS would be likely to introduce new local taxes.

19. One expert raised the question whether the deductibility after apportionment would be governed by national or CCCTB rules. The Commission Services stated that there should be common rules making local taxes only deductible after apportionment, identifying which taxes. However, deductibility after apportionment should be governed by national rules. On the other hand the Commission Services view is that deviation from a true common tax base should be avoided as much as possible to maintain a certain degree of 'communality' and if MS can allow deduction of local taxes after apportionment there is the risk of having again 25 different tax bases. Only if other solutions are not possible (such as non deductibility of local taxes) a deduction after apportionment should take place as an exception to the general rule of a common base.

20. Another expert mentioned that if local taxes were to be deductible before apportionment the whole tax system of his country would have to be changed due to non-existence of local taxes on income.

21. One expert pointed out that it must be avoided that one MS finances another MS due to the deductibility of local taxes before apportionment. The following extreme example should be considered: one MS finances itself only through local taxes and another MS finances itself only through a corporate income tax. As a result, national and local taxes should have no impact on the CCCTB for neutrality reasons.

22. Two experts expressed doubts as regards the possibility for the CCCTB to make taxes non deductible whereas social contributions could be deductible as the distinction between these two charges seemed extremely artificial if not impossible to identify with common criteria. One of these experts even noticed that this move towards non deductibility within the CCCTB of a compulsory cost constituted a serious threat to the idea of common treatment that CCCTB should imply (e.g. a government may decide to levy an energy tax to fund the social security system). Another expert replied that taxes and social contributions follow different rules, and aim to reach different objectives. In contrast to taxes social contributions result in a legal right of a return service. Taxes could in general not be earmarked. There exist only declarations of a political will in this respect.

23. Some experts considered solution ii) (deductibility of local taxes only after apportionment) as the best option. General rules concerning the deductibility should not be necessary. The solution iv) (all deductible before apportionment) did not receive much support due to the possible cross-financing effects. Also, the solution i) (non-deductibility) is considered as unfavourable by some experts because a general non-deductibility would result in enormous changes in the tax system of some MS. If the solution iii) (profit taxes deductible only after apportionment, others before apportionment) were chosen, the different treatment between local taxes and profit taxes could not be justifiable.

24. One expert considered that social security contributions should not be tax deductible from the CCCTB tax base due to different levels of contributions and return services (e.g. pensions) between the MS. Local taxes and social contributions should only be deductible after the apportionment.

25. Some experts regarded social security contributions as labour expenses and therefore should not be equated with taxes. As a result, social security contributions should be generally deductible before the apportionment.

III. REPORT AND DISCUSSION ON PROGRESS OF SUBGROUP ON GROUP TAXATION (Working Document 'An overview of the main issues that emerged at the first meeting of the subgroup on group taxation' CCCTB/WP/044)

26. The Chair of the subgroup on group taxation (hereafter 'SG5') presented his report of the first meeting of the subgroup that took place in Copenhagen on 22 and 23 June 2006 and was attended by experts from 14 MS.

27. The Chair of the SG5 reported that SG5 discussed especially the definition of a group of companies and the methods of consolidation.

28. The criteria of the definition of a group of companies were discussed in depth, e.g. votes, share capital, financial control. A low threshold would allow a lot of companies to opt for the CCCTB. The use of the criteria contained in IAS 27 was also discussed. No broad based agreement has been reached on this issue.

29. The SG5 meeting continued with the discussion of the methods of consolidation. The Commission Services presented three different options that all should lead to the same results but need a different tracking of the internal transactions. There was an agreement that there should be full consolidation of profit and losses even if the group did not own 100% of the shares. Finally, the consolidation with minority shareholders was discussed by SG5.

30. After the Chair of SG5's report the Commission Services presented the Working Document 'An overview of the main issues that emerged at the first meeting of the subgroup on group taxation' (CCCTB/WP/044). They identified three main points for additional debate, such as the 'optionality' of the use of the CCCTB, the definition of the group in the case when a non EU company is involved and the method of consolidation. The Commission Services emphasized again the difference of consolidation under the CCCTB and under national consolidation regimes.

31. One expert, referring to paragraph 7 of CCCTB/WP/044, asked if the thinking was that consolidation should be optional for companies or CCCTB participants or both. The Commission Services answered that in their opinion the application of the CCCTB should be optional, ie groups could choose either to apply the CCCTB, or to remain within the existing national systems. However, if a company opted for the CCCTB consolidation should be obligatory for all members of the group who met the agreed criteria for consolidation (currently being discussed in SG5). In other words it would not be possible for a group to opt for CCCTB but exclude some or all qualifying companies from consolidation. Another expert commented that he would prefer that the individual companies in a group should be allowed to individually opt in or opt out of consolidation.

32. One expert asked who can apply for the 'optionality', the parent company or the individual companies because in some cases a group can be made up of 100 taxable entities. The Commission Services answered that in their view the decision would be

a group decision and all entities in the group would either opt in to the CCCTB rules (and must consolidate) or all entities would remain outside the CCCTB.

33. Another expert stated that there should be no 'optionality' due to possible cherry-picking by the companies. If the consolidation were to be dependent on objective criteria whether to consolidate or not, the company might use these objective criteria to leave the consolidation. Furthermore, the tax administration will have major difficulties if a company can opt out from consolidation where it seems to be a good idea for them.

34. Subsequently, the Commission Services referred to the difficulties linked to the definition of the group in the case when a non EU company is involved on the basis of the three examples discussed in Copenhagen[2].

(i) a non EU company between EU parent and EU subsidiaries;
(ii) a non EU parent with EU subsidiaries;
(iii) a non EU parent holding EU subsidiaries via an EU permanent establishment.

They concluded that the companies will create special non-EU structures to 'opt out' of the CCCTB if restrictive rules on non-EU companies were adopted.

35. One expert stated that only companies that are located in the EU should belong to the group because the tax administration must have the possibility to audit the company itself to check the information disclosed by the company. Therefore, non EU companies should be excluded from the group and additionally, could not be the connecting link between EU companies in order to allow them to consolidate. The Commission Services pointed out that a non EU company, i.e. a US company could never be included in the consolidation. However, the question is if a US company can break the chain of EU companies and therefore prevent the constitution of a group for CCCTB purposes.

36. Another expert considered that for the definition of the group, in order to avoid 'cherry picking', all direct and indirect participations should be considered. Non EU companies should not be included in the group. In the example (i) the chain of companies is not interrupted by H2. H1, H3 and S1 can consolidate. In the example (ii) S1 and S2 can consolidate for CCCTB purposes. If the permanent establishment is located in the EU (example (iii)), PE (H1), S1 and S2 can build a CCCTB group.

37. One expert pointed out that in example (i) it may be possible to transfer hidden reserves from H3 to H1 by transactions between H3 and H1. The profits of these transactions should be excluded. If these hidden reserves were wanted to be taxed at H3 level, these profits have to be distributed to H2 and than to H1 and should be subject to a dividend tax. From a general perspective, this expert expressed concerns that huge problems could arise if the group must consolidate 'around' a non EU company.

[2] See also the annex of the Working Document 'An overview of the main issues that emerged at the first meeting of the subgroup on group taxation' (CCCTB\WD\044).

38. Another expert pointed out that the main differences between the example (i) and the examples (ii) and (iii) is the location of the controlling parent company. In example (i) the controlling company is located in the EU that can be audited by the European tax administration. As a consequence there is less possibility of tax abuse. On the other hand the controlling company of the examples (ii) and (iii) is located outside of the EU. In this situation it remains unclear how the tax authorities can check the information concerning the group members that is given from the non EU company, i.e. how can be proved if all EU companies are included in the CCCTB group that fulfil the requirements (if the all in/all out principle is obligatory).

39. One expert considered that in relation to non EU companies transfer pricing problems will occur again and therefore the verifiability of the transfer prices must persist at the level of the EU companies.

40. The Commission Services continued with the description of the three methods of consolidation as discussed in the last SG5 meeting as (i) ignoring internal transactions, (ii) recording internal transactions at cost and (iii) recording internal transactions at existing internal transfer prices with elimination of internal profits or losses.

41. On paragraph 14 of CCCTB/WP/044, in response to one expert's request for clarification on the meaning of the term 'internal transfer price', the Commission Services confirmed that this could be determined in accordance with existing transfer pricing rules, although there would be no need for this to be audited or 'justified' by the company as the effect of any intra group sale would be neutralised in consolidating by its corresponding intra group purchase. One expert stated that the purpose of the CCCTB is not only the elimination of the transfer pricing problems. Multinational companies will still need arm's length transfer prices for transactions with related parties in third countries. Only EU groups can benefit from the simplification. The simplification is desirable, although the elimination of transfer prices should not be the only purpose of the CCCTB. Another expert disagreed and considered that the consolidation only makes sense if the elimination of transfer pricing problems is effective.

42. Another expert pointed out that the purpose of transfer prices is to determine which company has to be taxed due to transactions between related companies in different countries. Inside of a CCCTB group market pricing of internal transactions should not be audited because allocation of profits/losses amongst the CCCTB companies would rely on another criterion (apportionment). Recording the internal transactions at cost may be a sufficient solution. For transactions from a CCCTB company to a non CCCTB company internal transfer prices are necessary due to the allocation of profits/losses between the CCCTB company and the non CCCTB company. Another expert mentioned that new transfer pricing problems may occur if the companies were to required to apply for the CCCTB purpose a mandatory way of pricing internal transactions.

43. The Commission Services concluded that the possible method of consolidation should be discussed in more detail in SG5 again. The issue should be raised again at the next plenary session.

IV. DISCUSSION ON THE WORKING DOCUMENT "PERSONAL SCOPE OF THE CCCTB" (CCCTB/WP/040)

44. The Commission Services introduced the two new working papers on the personal scope of the CCCTB and dividends and explained that it was not planned to establish new sub-groups for these issues and suggested that these topics were discussed at the plenary. The Commission Services also invited the experts to send their written comments.

45. The Commission Services introduced the document "Personal Scope of the CCCTB". It is necessary to determine which persons/entities should be subject to tax and entitled to opt for the CCCTB rules. One of the first questions to answer is whether the definition of the scope should rely on liability to tax as defined by national tax law (as for existing directives) or on a self-standing definition to be part of the CCCTB rules. The former would assign the definition of the scope to the MS (similar as in the Parent Subsidiary Directive or Merger Directive) and result in an application to companies that are liable to corporate income tax according to national law.

46. Another criterion could be the business activity of the company. Companies without any business activity or without any objective to gain profits or companies that are subject to special rules (e.g. tonnage tax) should not be included in the CCCTB even though these companies are subject to national corporate income tax.

47. The definition of the personal scope of the CCCTB could be drafted as (i) a general definition based on common criteria, (ii) an explicit list of taxes and/or company forms or (iii) a combination of both. If the personal scope is defined only by a list of company forms, the risk of a very limited personal scope would increase. In contrast to the selective scope of the existing directives which provide for tax neutrality for specific transactions (royalty payments, interest, dividends, business combinations), the CCCTB aims to become a comprehensive set of rules and thus it seems particularly important that most businesses are covered by the new system and a wide personnel scope appears to be the best way to protect the tax base of the MS.

48. Furthermore, it must be determined if only incorporated companies or also entities taxed transparently should fall in the personal scope of the CCCTB. The Commission Services proposed that incorporated companies should be covered by the CCCTB if they carry business and are subject to corporate income tax. If transparent entities were included in the CCCTB many problems might occur concerning the different taxation of transparent and opaque entities (according to qualification conflicts) or concerning the consolidation and allocation of the consolidated tax base.

49. Self-employed individuals are in general not subject to corporate income tax. Even if they run a similar type of business as companies they should not be included in the CCCTB.

50. Some experts preferred that the definition of the scope should rely on liability to tax as defined by national tax law combined with a list of taxes/company forms as in the directives. This approach would clearly define the included companies. Other experts considered that companies should be included in the scope of the CCCTB that carry on similar business/economic activity irrespective of the company form. Another expert stated that the definition of the personal scope is only necessary for consolidation purposes. Some experts are opposed that MS may determine by national law the tax liability and therefore the CCCTB group members. They are also not in favour of relying on lists as in the directives due to possible new company forms that must be included later on. One expert proposed as criteria that the entity must be liable to corporate tax in its MS and that the entity carries out business. If the criteria are fulfilled also transparent entities could fall in the scope of the CCCTB.

51. As regards transparent entities one expert proposed that MS could use the mutual recognition of the treatment of transparent entities, i.e. the tax treatment of that MS where the entity is located should be recognised as the relevant tax treatment of CCCTB purposes. Another expert noted that participants in a CCCTB might find that inclusion of transparent entities meant that a real area of avoidance risk had been built into CCCTB. Another MS pointed out that the inclusion of transparent entities in the CCCTB will imply a lot of complexity as e.g., the allocation of the profit to each of the partners/associates of the transparent entity. On the other hand transparent entities could be used for tax avoidance strategies if they were excluded from CCCTB. One possibility to avoid this complexity could be that if a group falls in the scope of the CCCTB all the companies that carry on business must be included irrespective of the company form or the national rules as regards transparency. In such a case, transparent entities would not be taxed as transparent anymore but as opaque. Other experts stated that transparent entities should not be in the scope of the CCCTB because of the import of qualification conflicts (e.g. hybrids) into the CCCTB. The entities that should not be allowed to apply the CCCTB rules could be determined by a list of company forms including all entities seen as transparent entities. Another expert explained that transparent entities can be seen as permanent establishments. The tax base can be allocated to the permanent establishment according to the apportionment rules. The following allocation to the partners/associates would be carried out according to the national tax rules.

52. One expert raised the question of the treatment of economic associations that carry out all kind of activities and that are taxed as if they were corporations.

53. Another expert thought the CCCTB would only be available to companies that operate in more than one MS (cross-border) because the purpose of the implementation of the CCCTB is to eliminate cross-border transfer pricing problems, to consolidate profits and losses cross-border and to reduce the tax compliance costs in different MS. The Commission Services stated that in their opinion every company of a group should fall in the scope of the CCCTB if the group can apply the CCCTB

rules. Additionally, the definition of the 'cross-border' criterion would be very complex in practice.

54. One expert suggested that perhaps companies in the oil industry and the shipping industry (the latter being taxed on a 'tonnage' basis) should be excluded from the CCCTB regime. Another expert added that central banks and non-profit companies should also not be included in the CCCTB. Credit institutions and insurance companies should only be included if special rules are applicable for these companies, otherwise the CCCTB should not be applicable for credit institutions and insurance companies.

V. DISCUSSION ON THE WORKING DOCUMENT "DIVIDENDS" (CCCTB/WP/42)

55. The Commission Services introduced the Working Document on dividends explaining that the CCCTB will have to determine the rules applicable for the payer (the company paying the dividends) and the recipient (the shareholder receiving the dividends). The main purpose should be to avoid double taxation. The paper does not cover dividends from companies in third countries (these are dealt with in SG4).

56. The Commission Services presented different examples where economic double taxation could occur due to the taxation of profits in the subsidiary and the taxation at the level of the parent company, e.g. taxation of received dividends, taxation of capital gains, and taxation of liquidation profits. When providing for double taxation relief it is therefore necessary to make sure that the dividends (or the capital gains) were effectively taxed: that the profit distributed has been included in the tax base or that the capital gain is effectively derived from taxed profits retained in the company as reserve, i.e. the profit or gains being distributed have actually been included in the tax base. However, the differentiation between already taxed profits and untaxed profits (e.g., increase of value in subsidiary's shares because of good business expectations) in the parent company can be very complicated.

57. The Commission Services outlined some situations of dividend distribution and possible solutions to avoid double taxation. (i) If profits are distributed between two companies both belonging to the same CCCTB group, the profits must be eliminated through the consolidation process. (ii) When the distribution of profits is between two companies that both apply CCCTB rules but belong to different groups double taxation relief should be provided by the CCCTB rules. (iii) Inbound dividends: Dividends are paid by a company that does not apply CCCTB rules but national rules to a company that applies CCCTB rules. For situations (ii) and (iii) the same rules probably should apply otherwise non-discrimination issues could arise. To provide double taxation relief the exemption method probably is preferable and the conditions of the Parent Subsidiary Directive should be used as a minimum starting point (participation percentage, holding period). (iv) Outbound dividends: when one company taxed according to national rules receives dividends from a CCCTB company. Double taxation relief should be granted by national rules (application of the Parent Subsidiary Directive).

58. Finally, the Commission Services described different situations where anti-avoidance rules could be necessary, e.g. not effectively taxed dividends or capital gains, thin capitalisation rules.

59. One expert pointed out that only the ultimate shareholders should be taxed to avoid double taxation of dividends and capital gains (e.g., according to a half-income rule). For the companies in between the company chain the received dividends should be tax exempt. The same treatment should apply for capital gains. Only increases in the value of the shares will not lead to double taxation. However, a differentiation of a capital gain in already taxed profits (retained earnings) and value increases is not practical. Expenses related to tax-exempt income are in principle not deductible. However, the participation exemption should not be seen as a tax exemption in a legal sense but to provide double taxation relief. Therefore, such expenses should be deductible. As a compromise there could be introduced a lump sum percentage of the dividends that is not tax deductible. Capital losses should be treated symmetrical as capital gains and therefore should not be tax deductible.

60. Another expert agreed and concluded that dividends and capital gains should be tax-exempt to provide double taxation relief. Also, a lump sum deductibility should be introduced for expenses related to dividends. One MS explained that such expenses could be non deductible due to the participation exemption and proposed deeper discussion about this issue.

61. One expert considered that the dividends should be excluded form the CCCTB and individual MS should be able to decide the treatment they give to them. The treatment of the capital gains has more complexity as part of the capital gain may not have been originated by taxed profits but by good expectations of future profits, double taxation relief should only be granted in that part that corresponds to already taxed profits.

62. One expert observed that agreement had been reached by Member States in 2003 on a set of principles to qualify for double taxation relief which resulted in an update to the Parent Subsidiary Directive. There appeared to be no reason why a CCCTB should make such principles invalid or for a CCCTB to depart from provisions agreed on an EU-wide basis. Other experts considered dividend distributions within a CCCTB group as a non issue. Dividend distributions outside the CCCTB group should be treated according to the Parent Subsidiary Directive. In addition, the treatment of dividends and capital gains should be symmetrical. Capital losses should not be tax deductible.

63. One expert pointed out that the application of the Parent Subsidiary Directive to distributed dividends within a CCCTB group would solve a lot of problems. If it is planned to apply better conditions within a CCCTB group, non-discrimination issues could occur if dividends were distributed to EEA countries. The expert proposed also the introduction of anti-avoidance rules similar to CFC legislation.

VII. ANY OTHER BUSINESS AND CONCLUSIONS

64. Due to time constraints the discussion on the Working Document "Issues related to business reorganisations" has been postponed to the December meeting.

65. The Chair informed Members of the WG that the next meeting of the WG is planned for 12 and 13 December 2006 and concluded the meeting with details of forthcoming sub-group meetings and deadlines for the receipt of written contributions.