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## **COMMON CONSOLIDATED CORPORATE TAX BASE WORKING GROUP (CCCTB WG)**

### ***Progress to date and future plans for the CCCTB***

**Meeting to be held on Wednesday 7 December 2005 (extended format)  
and Thursday 8 December (normal format)**

Centre de Conférences Albert Borschette  
Rue Froissart 36 - 1040 Brussels

### **WORKING DOCUMENT**

## **I Introduction: Purpose of the Paper**

1. The European Commission plans to issue a Communication to Council in early 2006 to report on progress to date in the CCCTB WG and future plans for the CCCTB. The Commission Services have prepared this paper to facilitate an open debate during this meeting and will take into account the views expressed when drafting the subsequent Communication for approval by the Commission. As usual comments made by experts present at the meeting will be treated as comments by individuals and not as the formal position of Member States, business organisations or academic institutions.
2. This 5<sup>th</sup> CCCTB WG meeting is being held in 'extended format' on Wednesday 7 December to ensure that business and academic experts have an opportunity to contribute to the process and participate together with the usual experts from Member State administrations. The Commission Services welcome comment from all interested parties on all issues, but as industry and academics have not participated in previous WG meetings their views are particularly welcome. If further detail is required on the issues raised all the past Commission Services' papers presented at the Working Group meetings can be found on the DG Taxation and Customs Union web-site.<sup>1</sup>

## **II Background**

3. Since 2001 when the Communication 'Towards an Internal Market without tax obstacles: A strategy for providing companies with a consolidated corporate tax base for their EU-wide activities' (COM(2001) 582) was issued it has been European Commission policy to work towards providing companies who operate in more than one EU Member State (MS) with a Common Consolidated Corporate Tax Base (CCCTB). This policy was confirmed in 2003 in the Communication 'An Internal Market without company tax obstacles: achievements, ongoing initiatives and remaining challenges' (COM(2003) 726). In 2004, following an informal meeting of the ECOFIN Council under the Netherlands Presidency in September, where a Commission Non-Paper 'A Common Consolidated EU Corporate Tax Base'<sup>2</sup> was discussed, the Common Consolidated Corporate Tax Base Working Group (CCCTB WG) was established.
4. The CCCTB WG is a technical expert group which meets quarterly, chaired by an official from the Taxation and Customs Union Directorate General of the European Commission, composed principally of experts from MS

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<sup>1</sup> [http://europa.eu.int/comm/taxation\\_customs/taxation/company\\_tax/common\\_tax\\_base/index\\_en.htm](http://europa.eu.int/comm/taxation_customs/taxation/company_tax/common_tax_base/index_en.htm)

<sup>2</sup> Available on the following web-page:

[http://europa.eu.int/comm/taxation\\_customs/taxation/company\\_tax/common\\_tax\\_base/index\\_en.htm](http://europa.eu.int/comm/taxation_customs/taxation/company_tax/common_tax_base/index_en.htm)

administrations, but which can be extended on an ad hoc basis to include experts from business and academia. It can also form sub-groups to work in more detail on specific subjects. The work of the CCCTB WG can be followed via a series of dedicated web-pages<sup>3</sup> which contain details of the WG meetings and the working documents.

5. Under the Terms of Reference presented at the first meeting of the WG ('Draft Terms of Reference and Rules of Procedure' CCCTB/WP/002):  
'The CCCTB Working Group is established by the Commission to examine from a technical perspective the definition of a common consolidated tax base for companies operating in the EU. It will discuss the basic tax principles, the fundamental structural elements of a CCCTB and other necessary technical details such as a mechanism for 'sharing' a CCCTB between Member States.'  
The guiding objectives of the work were outlined as:
  - to remove corporation tax obstacles to the efficiency and smooth functioning of the Internal Market
  - to identify possible elements of a common consolidated tax base which improve the international competitiveness of European companies and which are adequate for the economic requirements of the 21<sup>st</sup> century
  - to lower administrative burdens on companies and tax administrations alike
  - to ensure that Member States' are able to preserve their legitimate financial interests, notably by curtailing the scope for tax evasion and fraud.
  
6. At the same meeting an outline Work Programme was presented to the WG ('Draft Work Programme' CCCTB/WP/003) and this has formed the basis for the WG's work over the last 12 months. The overall approach to the work has been in line with that discussed in the original Non-Paper, including specifically that:
  - the purpose should not be to change the current level of taxation.
  - all Member States should be encouraged to participate in the process,
  - International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) should be used as a tool for defining the base,
  - the work should be guided by an established set of tax principles, to reflect the Lisbon objectives.
  
7. The level of taxation has not, and will not form part of the discussions since this would involve discussion of the tax rate and the Commission has no plans to extend the current work on the base to include the rate. Participation by Member States has been encouraging. All States have participated in all or most of the WG meetings, although it is acknowledged that participation does not necessarily imply support for the concept of a CCCTB. Nevertheless, the technical input received from all experts has been appreciated.

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<sup>3</sup> Available on the following web-page:

[http://europa.eu.int/comm/taxation\\_customs/taxation/company\\_tax/common\\_tax\\_base/index\\_en.htm](http://europa.eu.int/comm/taxation_customs/taxation/company_tax/common_tax_base/index_en.htm)

### III Accounting standards (IAS/IFRS) and financial and tax accounting dependency

8. The Commission Services' 2003 consultation document 'The application of International Accounting Standards (IAS) in 2005 and the implications for the introduction of a consolidated tax base for companies' EU-wide activities'<sup>4</sup> raised the possibility of accounts prepared in accordance with IAS being used as the starting point for calculating the tax base. This would have the advantage of providing a common starting point from which to make the necessary adjustments to the profits to arrive at the taxable base.
9. This approach has been refined over the last two years, but the essential principle that the IAS accounts could represent at most the starting point, and never represent the tax base itself, has been maintained. Many companies will continue to use national accounting standards instead of IAS/IFRS (which are only compulsory for consolidated accounts) and the rules governing the content of the common tax base will be applicable whether the starting point is IAS/IFRS or 'national' accounts. Therefore, although the common tax base rules may make use of IAS/IFRS terminology and principles, the common tax base will not be directly linked to the constantly changing accounting standards (IAS/IFRS).
10. IAS/IFRS have therefore been used as an invaluable *tool* to guide and inform the discussions. As the IAS Regulation applies across the EU each Member State is familiar, or is becoming familiar, with the definitions in each IAS and IFRS. The CCCTB WG starts from the premise that as a technical group of tax experts its role is limited to technical tax issues. It does not therefore seek to harmonise company accounting. It accepts that some companies will use IAS/IFRS, and some will use national accounting standards. It seeks to examine the technical tax issues and establish what would be possible in a CCCTB making use of the work carried out at the international level in accounting, but amending the accounting definitions for taxation purposes where necessary.
11. The Commission Services are convinced that the continuation of 'dependency' of tax accounts on financial accounts and/or 'reversed dependency' is conceptually almost impossible. Currently there are twenty five different national financial accounting rules, and although IAS/IFRS may be used by some companies in some Member States complete harmonisation is a very long way off. Accordingly financial accounts prepared in accordance with the twenty five different rules cannot be directly linked with a single identical common tax base and some form of reconciliation will be necessary at the national level. Although questions concerning dependency have arisen several times and there now seems to be a growing acceptance by the experts in the CCCTB that dependency cannot continue in its current form, worryingly some experts do seem to have lingering doubts.

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<sup>4</sup> Available on the following web-page:

[http://europa.eu.int/comm/taxation\\_customs/common/consultations/tax/index\\_en.htm](http://europa.eu.int/comm/taxation_customs/common/consultations/tax/index_en.htm)

## IV Tax Principles

12. As regards Tax Principles the initial Commission Services paper ('General Tax Principles' CCCTB/WP/001Rev1) outlined a series of possible principles. It should form a useful 'checklist' against which to evaluate possible solutions which emerged during discussions on individual elements. However, it was not considered desirable or necessary to either formally agree on a final set of principles, or to prioritise individual principles which may conflict in certain instances, at the beginning of the exercise. Nor was any decision taken on whether or not a formal statement of principles should be adopted as part of the CCCTB, although it was noted that no Member State currently has such a statement in its legislation. This subject will be reconsidered when further progress had been made.
13. This approach has been debated in several fora outside the CCCTB WG, with several commentators expressing surprise that adopting a formal set of principles against which to appraise possible solutions was not considered necessary. The Commission Services remain of the view that the current 'informal' approach is satisfactory and do not intend to propose formalising a statement on Tax Principles at this stage.
14. During the discussions on principles it was noted that they are generally discussed in the context of an overall tax system, ie the base and the rate; the company and the individual shareholder. However elements of most, if not all, should still be borne in mind. For example, one of the underlying features of the CCCTB – the fact that it is a common consolidated EU base – is based on achieving a greater degree of efficiency (also described as neutrality, particularly in relation to different types of investment) within the EU. The traditional conflict between providing both Capital Export Neutrality (CEN) and Capital Import Neutrality (CIN), commonly illustrated by the residence or source based approaches is resolved within the EU as all investments would receive the same treatment, as regards the tax base.
15. Practical work on the structural elements has highlighted the particular importance of the principles of simplicity, transparency and certainty. The design of a new tax base creates a 'golden' opportunity to satisfy these principles and the Commission Services have stressed the importance of simplicity on several occasions. However, the implications of simplicity for neutrality should not be overlooked and the Commission Services would like to highlight this issue.
16. It is generally accepted that company tax bases across the EU have become broader in recent years as incentives have been reduced. This makes the tax base simpler and more transparent, and hence efficient and neutral (in the sense that the fewer special regimes and incentives there are the more neutral the base is) and also allows the same amount of revenue to be raised with a lower statutory

tax rate. As work progresses on the CCCTB it is becoming evident that the new base will work best if it maintains this momentum, ie it should be broad rather than narrow and have fewer, rather than more, incentives than the sum of all the present national tax bases. Although this has always been implicit in the work on the CCCTB the Commission Services would welcome any comments on this point in particular.

## **V Structural elements of the tax base**

17. In line with its work programme the WG has begun to discuss the structural elements of a tax base. Work has started on three main elements over the last 12 months: Fixed Assets and Depreciation (including capital gains), Reserves, Provisions and Liabilities, and Taxable Income.

### *Fixed Assets and Depreciation (including capital gains)*

18. In general, discussions on assets and tax depreciation and on capital gains and losses have been fruitful and the subgroup has identified common approaches in several areas. These include the definition of a depreciable asset, the need for a uniform definition of attribution of an asset and the approach to intangible assets, in particular the distinction between purchased and self-created intangibles. A number of relatively detailed issues have also been covered such as assets of very low value, and an approach to legal as opposed to economic ownership. There remain varying views in other areas. The discussion and analysis done by the subgroup and main WG will represent a valuable input and starting point for the Commission Services but input from outside the WG will also have to be taken into consideration.
19. The main issue where there are varying views concerns the choice between individual asset depreciation and pooling. Individual asset depreciation requires that the useful life of every asset be estimated when purchased and depreciated individually over its useful life. In practice detailed tables of assets and their useful lives are maintained by the tax administrations who follow this practice. Depreciation by pooling assumes a common 'life' for all assets and it is the pool that is depreciated, rather than individual assets. Administratively much simpler since there is no need to maintain detailed lists of individual assets and their estimated useful lives it may be less accurate. A compromise (a series of pools) has so far received very little support.
20. The Commission Services remain convinced that pooling is preferable for the CCCTB as it is simple and efficient. Most opposition seems to be based on the premise that it is intrinsically 'wrong' and inaccurate but in this case the fact that it is a method successfully employed in some Member States should carry a lot of weight. The necessary harmonisation of existing national tables indicating the useful lives of several thousand individual depreciable assets would represent a very demanding task and significant input from MS, especially those who use the

tables at the national level would be required. Some Member States are prepared to begin such a task and the Commission Services are particularly interested in input from business and academics before work commences as, if pooling were adopted, a number of linked difficulties could also be resolved such as rollover relief.

21. On capital gains there seems to be broad acknowledgement that realised capital gains and losses should be taxed together with the ordinary business income. Realised capital gains and losses should be – respectively - fully taxable and fully relievably. However, unrealised capital gains should not be taxed. Views on the treatment of unrealised (permanent) capital losses differ. The non-taxation of unrealised gains on one hand and on the other hand allowing a deduction for unrealised losses may create an "asymmetry" in the CCCTB. It may only be justified on the basis of the prudence principle. Such asymmetry, if accepted, needs to be co-ordinated with other provisions on restricting the use of certain capital losses against ordinary income.
22. Special rules are applied by several MSs to mitigate capital gains taxation, notably for capital gains which are re-invested to purchase assets. However, while there is broad acknowledgement that some form of roll-over relief should be granted in case of involuntary disposals of assets (force majeure, accidents, etc.), as regards voluntary disposals some experts support it, some others do not. It should also be noted that even where national provisions allow for roll-over relief, they differ on details such as if the assets must be of the same type as those which originated the capital gain, and the deadline within which the purchase has to be made to benefit from the relief. Therefore, a precise mechanism for roll-over relief has not been discussed yet. It is particularly important to find an appropriate solution if individual depreciation is applied, because under the pooling method an element of roll over relief can be provided automatically by the simple deduction of the asset's selling price from the pool.
23. The need for some special rules for capital gains and losses deriving from financial assets (hereafter 'financial capital gains and losses') was recognised and the discussion on financial capital gains and losses will be held separately. However, it was made clear that the postponement of the issue did not necessarily mean a different treatment. It is very important for some MS that financial assets and assets represented by financial assets have the same tax treatment. They fear that a different treatment could lead to tax planning. The ring-fencing of financial capital gains and losses seems to be generally supported in some cases, although it may deviate from the general principle of treating capital gains and losses together with ordinary business income.

#### *Reserves, Provisions and Liabilities*

24. The sub-group dealing with reserves, provisions and liabilities has met three times. Granting a tax deduction when a provision is created rather than waiting for the actual expenditure to be incurred 'only' advances the deduction, so the

potential loss of revenue to a tax administration is 'only' the time value of recognising a deduction early. However, there is currently a wide range of practices in Member States, and some of the potential provisions, for example those relating to environmental clean-up costs, could be large in relation to the tax base of an individual entity.

25. As regards definitions good progress has been made, relying heavily on the existing definitions available in IAS/IFRS, such as the definitions that 'provisions are liabilities of uncertain timing or amount' and 'liabilities are present obligations of enterprises arising from past events'. However, reconciling the different methodologies for granting tax deductions currently used by Member States has proved difficult. The Commission Services believe that the two main approaches discussed (provisions generally tax non-deductible with a list of tax deductible exceptions, or, provisions generally tax deductible with a list of tax non-deductible exceptions) are not as opposed as they may appear. Providing the underlying defined principles of what should be tax deductible are the same both techniques should lead to the same results. The Commission Services prefer the concept of preparing a general definition of tax deductible provisions supported by a list of non-deductible exceptions as this seems to be the most efficient way of proceeding.
26. Discussions on the methodologies, the precise technicalities of arriving at the tax base, are important as the rules for calculating the new tax base must be acceptable and understandable to all Member States. However, ultimately a decision will be required as to which method should be preferred for the CCCTB. What works perfectly adequately for a national tax base may not be the best approach for a common consolidated tax base.
27. Non-tax considerations have also influenced the discussions on this subject. For example where financial accounts and tax accounts are closely linked and these 'dual purpose' accounts are also used for other purposes, such as defining what amounts can be distributed as dividends to shareholders, changes to existing practices may appear to cause problems in some Member States. However, it is not the aim of the CCCTB to harmonise legislation beyond that related to the calculation of the tax base. Care therefore needs to be taken to ensure that these 'non-tax' considerations do not take on too much significance. For example, it should be possible to define distributable reserves in such a way that the tax treatment in the CCCTB is either recognised or not recognised, depending on what a particular Member State wishes to do in its company law.
28. The test for whether a definition is workable or not is whether it satisfies the agreed principles, and whether for specific provisions it provides the 'right' result. In this context considerable progress has been made, although in relation to some specific provisions there are clearly differences in current practice.
29. On provisions for environmental clean-up costs the concept of what a company is legally required to do has been the focus of discussion. There now seems to be general acknowledgement that a degree of mutual recognition of national legal

requirements will be necessary, which has important implications beyond environmental policy. This also seems to satisfy the principle of 'ability to pay' in the sense that deferring the recognition of a provision for clean-up costs until they are incurred – which may be when the operations have ceased – may leave the company with no profits with which to 'pay' for the clean-up.

30. Warranty provisions have proved to be rather more difficult. Not only are there different methodologies for calculating these to reconcile but there are also some current differences in principle as to when or if such provisions should be recognised for tax purposes. Nevertheless, the work is moving towards a situation where sufficient information about current practice has been obtained for an eventual decision to be made as to how the CCCTB should deal with these.
31. The situation as regards provisions for doubtful debts is similar to that of warranties in that there is a range of methods currently in use. However, in contrast to warranties there is more common ground as regards the principle of permitting an element of relief for such doubtful debts.
32. The relevant sub-group has recently met for a third time but the report of this meeting has not yet been presented to the main Working Group (due December 8) and further discussion of the report may clarify certain issues.

#### *Taxable Income*

33. A paper 'Taxable Income' (CCCTB/WP/017)<sup>5</sup> was presented at the September 2005 WG meeting and referred to a new sub-group. Although this sub-group has met it has not yet reported back to the main Working Group (it does so December 8) and therefore a progress report is not included in this document. However, initial indications are that as regards 'income', (as opposed to expenditure and computational methodology where no discussions have started yet) there is already a great deal of common ground between Member States' existing tax bases so good progress may be expected. Any additional comments on the original paper are of course welcome.
34. The initial discussions covered various aspects of income including whether there is a necessity to distinguish between business and non-business income. The recognition, timing and measurement of income were also covered. A similar approach will be taken as regards expenses and finally the methodological issue will be addressed. Here the issue is to what extent reference to the opening and closing balance sheets should be formalised and whether this should be the main focus of computing income or whether it should be the profit and loss account should be the primary source of information. In this regard the concept of the tax balance sheet<sup>6</sup> and whether this should form part of the CCCTB will be addressed.

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<sup>5</sup> Available on the following web-page:

[http://europa.eu.int/comm/taxation\\_customs/taxation/company\\_tax/common\\_tax\\_base/index\\_en.htm](http://europa.eu.int/comm/taxation_customs/taxation/company_tax/common_tax_base/index_en.htm)

<sup>6</sup> See CCCTB/WP/016 'Concept of the Tax Balance Sheet' available on the following web-page:

## **VI Work Programme for 2006 and beyond**

35. Overall the initial Work Programme discussed at the first meeting remains valid. It is the intention of the Commission Services that the work carried out in the first three sub-groups (on Assets and Depreciation, on Provisions, Reserves and Liabilities and on Taxable Income) should be broadly completed by the Summer of 2006. During 2006 the Commission Services would like to see work on two further main elements broadly completed, and work on another two elements started. Work on other issues such as gains and losses on financial assets and the taxation of financial institutions should also progress in 2006.
36. Work on the International Aspects in the CCCTB has already started and a paper is being presented to the CCCTB WG on 8 December. If a sub-group is established to deal with this subject it is hoped that this would be broadly completed before the end of 2006. The second area of work which it is hoped to broadly complete by the end of 2006 concerns the structural and legal framework. This covers the administrative framework, audit arrangements, legal interpretation and court procedures and the Commission Services plan to present a paper on these to enable discussions to be broadly completed by the end of 2006.
37. It is also planned to start work on two further elements in 2006, first, consolidation and second the mechanism for sharing the common consolidated tax base. Although the two issues are linked it is likely that work on both can be carried out concurrently as the technical issues are relatively independent, and from a resources point will demand different expertise and skills. Some preliminary work has already been carried out internally by the Commission Services on the sharing method and work on consolidation will start in the near future.
38. In relation to consolidation the Commission Services' views are unchanged from those in the Commission's Non Paper of July 2004: tax consolidation remains a fundamental part of the common tax base and should therefore be implemented from the very beginning. As outlined in the conclusions below the advantages are well known. For example, without consolidation all the problems of transfer pricing remain. Now that work on the base has progressed it will be appropriate to start on consolidation itself in the summer of 2006.
39. Beyond 2006 planning is subject to the rate of progress achieved in the CCCTB WG. At the beginning of 2007 a further 'progress report' is planned. At the same time work on tax incentives and anti-avoidance could start with a view to work being broadly completed by the end of 2007. During the year work on consolidation and the sharing mechanism could be broadly completed and the

process of 're-visiting' the elements already discussed could be started. This would enable the Commission to complete the work and present a comprehensive Community legislative measure at the end of 2008.

40. It should be noted that the term 'broadly completed' is deliberately used: no final agreement will be sought until work on all the structural elements has been completed. Even then, as the CCCTB WG is a technical expert group it will take no formal decisions. However, a 'second round' of discussions on the structural elements will need to take place within the WG before legislative drafting begins to ensure that the work on individual elements fits together in a coherent and satisfactory overall approach. The more 'political issues' such as how the base should be optional or compulsory, and how it should apply to specific business sectors or company forms etc will have to have been discussed in the appropriate forum.

## VII Conclusions

41. The Communication 'The Contribution of Taxation and Customs Policies to the Lisbon Strategy (COM(2005) 532)<sup>7</sup> reiterated the importance of introducing a Common Consolidated Corporate Tax Base and committed the Commission to working towards presenting a Community legislative measure by 2008. The Commission Services remain convinced that the base should be introduced from the beginning as a consolidated tax base. The alternative of a two stage process, first a common base without consolidation and second a consolidated base, does not address the problems associated with a lack of cross border loss relief, nor does it simplify the existing difficulties of transfer pricing. Additionally, unless work is directed towards a consolidated base there is a danger that consolidation may be made more difficult in the long term if, for example, a lower level of common treatment of certain structural elements, or methodologies, is accepted.
42. Internally, the Commission Services are committing the necessary resources to fulfil this ambition. Externally, the CCCTB Working Group has been established and provides the necessary mechanisms for discussions with experts from Member State administrations, business and academia.
43. However, it is a challenging exercise and if it is to be achieved more commitment, from more Member States, will be required. Although good initial progress has been made in a number of areas there are three possible areas of concern. First, there is a tendency for some experts to primarily defend aspects of their current tax system, rather than to seek a new solution which could be applicable across the whole EU. Second, there is a tendency to either postpone discussions on more 'difficult' elements or to seek to maintain two different approaches by suggesting an element of choice may be maintained. Third, there is

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<sup>7</sup> Issued 25 October 2005, available on the following web-page:  
[http://europa.eu.int/comm/taxation\\_customs/index\\_en.htm](http://europa.eu.int/comm/taxation_customs/index_en.htm)

a growing discrepancy in the amount of resources which Member States are committing to the work which, given the ambitious timetable, may lead to delays in implementing what is a fundamental part of the strategy for achieving the Lisbon goals.

44. Whereas it may be understandable that experts prefer 'what they already know', and argue that since it has worked domestically for many years there is no reason to change, this hampers progress in designing a common tax base. It is precisely because there are so many differences between the existing national rules that there is a need for a single common solution. If each Member State were to insist on retaining its own existing rules then there could be no common base – in brief adopting a common base necessarily means changes to the existing domestic computational rules. In this context, it is essential to use the development of a new common tax base as an opportunity for economic reform by striving for a modernisation and simplification of tax rules.
45. Similarly, the need to make some initial progress has understandably led to the postponement of discussion of some issues, in order not to delay matters. However, this cannot continue indefinitely. More importantly, it is not desirable to 'compromise' by permitting two quite different technical approaches to co-exist as national options as this will not lead to the full benefits of simplification. When a group of companies operates in several Member States it is important that they are able to adopt a common approach to complying with tax requirements – it will not be very helpful if they still have to comply with different requirements depending on where they operate. Should such 'options' extend beyond computational methodologies into the actual tax treatment of certain transactions then not only is simplicity sacrificed but in addition difficulties will arise in the consolidation process as mentioned above.
46. An example of the above would be the treatment of provisions. Whether provisions are generally deductible, supplemented by a 'list' of specific non-deductible items; or generally not deductible, supplemented by a list of specific deductible items, is a methodological issue. The result of both methods should be the same if common principles are applied, although clearly if some States were to apply the first method and some the second companies would still face having to comply with more than one requirement. However, if certain provisions were treated differently, for instance if an environmental provision for the clean up of a site were not recognised, or limited in amount, in one State, but fully recognised in another then not only would the international enterprise face two different sets of tax rules but there would also be a problem when the results were consolidated and the consolidated base 'shared' between Member States. A State who unilaterally permitted large provisions would still have a share of the consolidated base which in general had not been reduced by such provisions. Conversely States who did not allow such provisions would receive a share of the consolidated base reduced by the unilaterally permitted larger provisions.

47. As the work on the CCCTB accelerates the demands on staff resources increase. The political priority being given to achieving the Lisbon objectives, to which the CCCTB will make an important contribution, should be reflected in the allocation of staff resources. The Commission Services have responded by allocating additional staff to the project and some Member States have done the same. The advantages of a specialised team are clear and there is a danger that some Member States will not be able to fully participate in the detailed work unless they allocate more resources to this project. The early work on each structural element of the tax base necessarily involves a degree of 'information gathering' but there is a risk that those Member States who devote insufficient resources to the project will be less satisfied with the eventual Commission proposal than those who have been more actively involved. The choice of individual experts who attend each Working Group and sub-group meeting has deliberately been left to Member States to enable them to call on a range of experts with expertise in the particular aspect of the tax base under discussion at any given meeting.
48. The Commission Services recognise that on some issues technical experts are not in a position to support work on a particular element without further higher level or political support. However there are a growing number of areas where it is being left to the Commission Services to not only complete research but also to eventually choose between more than one possible approach, where perhaps more detailed work in the CCCTB WG would be more appropriate. It is also for this reason that the Commission is planning a Communication which should offer the opportunity of providing political guidance for this project.
49. The question of resources is not only relevant for Member State administrations. Member States will clearly benefit from the CCCTB as it contributes to the Lisbon process, the exploitation of the Internal Market, and general economic improvement. They will also benefit from the increased transparency as harmful tax competition and artificial tax avoidance and evasion schemes become more difficult to operate. However, businesses will also benefit and in turn are being offered the opportunity, or being expected, to contribute to the process of designing the CCCTB. To this end some useful contributions have been received from some parts of business but given their experience of operating across borders in many different Member States their views, particularly on technical methodology issues are particularly valuable, and more involvement would be helpful.