



Project no. CIT1-CT-2004-506392

NEWGOV **New Modes of Governance**

Integrated Project
Priority 7 – Citizens and Governance in the Knowledge-based Society

Chronology - Major Events in International and European Tax Governance reference number: 22/D06

Due date of deliverable: October 2005
Actual submission date: 19 October 2005

Start date of project: 1 September 2004

Duration: 48 months

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Project co-funded by the European Commission within the Sixth Framework Programme (2002-2006)		
Dissemination Level		
PU	Public	X
PP	Restricted to other programme participants (including the Commission Services)	
RE	Restricted to a group specified by the consortium (including the Commission Services)	
CO	Confidential, only for members of the consortium (including the Commission Services)	

Summary

This chronology of tax events provides a description of the main events since the 1960s looking at a wide range of actors and initiatives. The sources we used to map out the major developments are the EU official web site, DG TAX UD web pages, SCAD, the ECOFIN meetings page, the official OECD website, Newspapers (Financial Times), professional publications (Tax Notes International, EC Tax Review), and various web pages and information from interest groups, corporations, think tanks, and tax associations. On the one hand this will allow other researchers and policy stakeholders to keep track of the policy development in this area.

In the context of our research work, on the other hand, it is a valuable tool for the description and interpretation process. We use it to formulate our initial ideas of how the policy process unfolded, to identify the opportunities open to policy makers, and to describe how new issues reached the policy agenda. Complemented with the information we distil out of the semi-structured interviews we have conducted (see D3 and D7), and primary documentation we have analysed, this chronology enables us to blend objective and subjective information in our analysis of European and international tax policy. This then feeds-back into a framework based on a process-tracing research design.

Process tracing and historical explanations became widely recognised and increasingly popular with political scientists and political sociologists over the last years. The idea is to open the “black box” and look at the intervening variables that give evidence on potential processes (George and Bennett 2005). A detailed, a-theoretical chronicle is a necessary and useful step towards the development of a theory. A well constructed detailed chronology helps us to identify possible causal mechanisms and eliminate alternative hypotheses in a case. Process-tracing differs from methods based on covariance and comparison across cases in the sense that it is deterministic as opposed to probabilistic but the two methods complement each other rather than being competitive. Moreover, the method of process tracing is compatible with our theoretical framework based on actor-centred institutionalism (Scharpf 1997) combined with the insights of the literature on ideational politics.

Major Events in International and European Tax Governance

Date	Event
1962	Neumark Committee. The Committee proposes a common system for the taxation of profits. The preferred system is the split-rate system, which taxes distributed and retained profits with different rates.
1966	Segre' Committee. The Committee examines the fiscal pre-conditions for the creation of a common market for capital. European tax harmonisation and capital market liberalisation are thought of as two complementary aspects of the single market.
1967	Action Programme of the Commission for tax harmonisation. The Commission argues for the introduction of a value-added-tax in all countries members of the Community and for a common general tax on profits. In its turn, the path towards a general tax on profits - the Commission points out - could be made easier by an approximation of the tax base in Europe.
1969	Commission proposal for two directives on the cross-border taxation of dividends paid between parents and subsidiaries and on the fiscal treatment of mergers and acquisitions between companies of different EC countries.
1970	Report on economic and monetary union in Europe. According to the Report, tax harmonisation should accompany the creation of a monetary union.
1970	Van den Tempel completes an independent study of behalf of the Commission. His Report suggests a common system for the taxation of profits based upon the absence of fiscal links (e.g., tax credits) between corporate taxation of profits and personal taxation of income. This system is referred to as 'classic' (see Messere 1993a).
1971	Following to the Werner Report, the Council gives prominence to fiscal harmonisation as indispensable aspect of monetary union with a Resolution (22 March) on the economic and monetary union.
21 March 1972	A Council Resolution reiterates the necessity to proceed along fiscal harmonisation in conjunction with the implementation of the Werner Report on economic and monetary union.
1973	Organisational change within the Commission. The journal <i>European Taxation</i> (1973) hints that this change could slow down the activity of the Commission in tax harmonisation policy.
1975	Commission Programme on tax harmonisation and proposal for a directive on corporate taxation. The proposed directive recommends minimum and maximum corporate tax rates and a common system for the taxation of profits. Whilst the Neumark Committee opted for a split-rate system of profit taxation and Van den Tempel suggested a classic system, the 1975 proposal argues for an imputation system in which corporate taxes on profits and personal income taxation are linked.
1976	The Commission proposes a directive on the fiscal treatment of transfer pricing.

Date	Event
1977	The Council adopts a directive on mutual assistance among tax administrations of member states. The main aim of the directive is to curb tax evasion through exchange of information and multi-lateral initiatives for monitoring portfolio investment in the EC.
1978	Following a Dutch suggestion, the 1976 proposed directive on transfer pricing is transformed into a proposed convention.
1979	The European Parliament does not come up with a resolution on the 1975 proposed directive on a common system of corporate taxation, but prefers to issue an interim Report (Nyborg Interim Report) in which the Commission is invited to look at tax base harmonisation before submitting proposals, such as the 1975 draft directive, dealing with corporate tax rate and tax system harmonisation.
1980	The Commission releases a Report on corporate tax harmonisation and withholding taxes on dividends. The 1975 proposed directive remain the official policy of the Commission.
1983	The European Parliament reiterates its 1979 position. The EP refuses to issue an opinion on the 1975 proposed directive in the absence of specific proposals on tax base co-ordination. Accordingly, the Commission is invited to submit proposals concerning the tax base.
1984	The Commission restructures the proposal on transfer pricing, by changing the role of the independent commissions that should decide upon international transfer pricing controversies. In the earlier proposal, these commissions were supposed to substitute tax administrations, whereas in the 1984 new draft they are assigned a consultative role. The new draft is therefore more palatable to member states.
1984	Proposal of the Commission for a Council Directive on the harmonisation of the laws relating to tax arrangements for the carry-over of losses of undertakings.
July 1985	Communication of the Commission to the Council. The Commission focuses upon tax measures dealing with parent-subsidiary flows of dividends, the fiscal treatment of cross-border mergers and acquisitions, and transfer pricing.
1988	The Commission seeks to accommodate the European Parliament requests (made in 1979 and 1983) suggesting measures for harmonising tax base across Europe. An informal draft directive is circulated, but severely hostile reactions of some member states bring the Commission to withdraw the proposal before formally submitting it to the Council.
1988	Directive 88/361/EEC on capital movement liberalisation. Art.6 of the directive stipulates that new tax measures will be presented by the Commission.
1989	Further to the directive on capital movement liberalisation, the Commission proposes a directive on a common withholding tax on interest income in the EC. The proposal is deemed to avoid the risk of tax degradation and widespread tax avoidance by introducing a common withholding tax on savings. Luxembourg and the UK express a negative opinion on this proposal.

Date	Event
1989	Christiane Scrivener begins her mandate as Commissioner with the tax portfolio. She drastically limit the scope of Commission's initiatives in EC tax harmonisation. Subsidiarity and limited intervention of the Commission in direct tax policy become the key-word of her speeches. According to Scrivener, Commission's initiatives should aim at mitigating double taxation rather than advocating for harmonisation of rates and tax systems.
1990	The Commission withdraws its 1975 proposal on a common system of profit taxation and on minimum and maximum corporate tax rates.
1990	Document of the Commission, entitled 'Guidelines on Company Taxation'. The Document underlines the new pragmatic approach of the Commission. The 1975 grandiose plan for tax harmonisation is shunned, and at the same time the Commission focuses upon a coherent, although limited, package of tax measures against double taxation. The Document announces the formation of a group of independent experts in the near future.
July 1990	For the first time the Council agrees upon direct corporate tax proposals. Three measures are approved, namely the parent-subsidiary directive (90/435/EEC), the merger and acquisitions directive (90/434/EEC), and the convention on transfer pricing arbitration (90/436/EEC). Article 20 of the arbitration convention on transfer pricing provides for a limited duration of five years (starting from the entry into force of the convention).
November 1990	The Commission launches a proposal for a directive on cross-border taxes on interest and royalties. The proposal aims at eliminating double taxation.
December 1990	The Commission issues a proposed directive to provide a cross-border loss relief. The proposed measure considers both permanent establishments and subsidiaries. With the 1984 proposal, the 1990 proposed directive comprises the 'loss package' of the Commission.
1991	The Ruding Committee is formed and initiates proceedings.
1991-1992	The scope of the proposed directive on interest and royalty payments is progressively widened by the Commission and the European Parliament.
1992	The Ruding Report is published. A partially negative reaction to the Report comes from the ECOFIN meeting of November, convened under the British Presidency of the EC.
19 December 1992	ECOFIN meeting, Luxembourg blocks an agreement upon a Council resolution on the removal of bank secrecy laws in cases of alleged tax fraud.
1993	The Commission proposes to the Council to widen the scope of the two 1990 tax directives. Notwithstanding a favourable opinion of the European Parliament (19 April 1994, OJ C128, 9 May), this relatively simple proposals has not been adopted.
1993	Working Document of the Commission 'Towards a Strategic Programme for the Internal Market'. In this Document the Commission draws attention to the fiscal problems of small and medium size enterprises and to the role of tax policy in affecting the free movement of persons.

Date	Event
1993	Germany re-launches the idea of a common EC withholding tax on savings. The Commission re-considers its 1989 proposal and lowers the suggested tax rate from 15% to 10%. However, even the new proposal is rejected by the Council. In addition, article 73 D(1) (a) of the EU Treaty ‘authorises member states to continue to apply certain national tax provisions distinguishing between taxpayers who are not in the same position with regard to the place of investment of their capital’ (CFE 1996:63).
28 October 1994	The convention on transfer pricing (also known as arbitration convention) is ratified by all member states, Portugal being the last state to deposit the instrument of ratification at the office of the Secretary-General of the European Council. The Convention enters into force on 1 January 1995.
1994	Recommendation of the Commission on the taxation of small and medium size enterprises.
November 1994	The proposed directive on interest and royalties is officially withdrawn by the Commission.
1995	Mario Monti is the new Commissioner with the tax portfolio. Throughout 1995 there is no initiative of the Commission in the field of direct corporate taxation.
1995	Two decisions of the European Court of Justice (i.e. the Schumaker case, ECJ of 14 February 1995, C-279/93, and the Wielockx case, ECJ of 11 August 1995, C-80/94) spawn a debate on tax obstacles to the free movement of persons. The main problem, originally addressed by the Bachmann case (ECJ of 28 January 1992, C-204/90), concerns the link between pensions, tax policy, and free movement of persons.
20 March 1996	Commission proposes a new and comprehensive view of taxation policy in a reflection document on ‘Taxation in the European Union’ (SEC 487 final).
13 April 1996	During the Italian Presidency, at the Verona informal ECOFIN meeting, EU economy and finance Ministers discuss the Commission’s paper on ‘Taxation in the EU’. The document examines tax policy in a broad conceptual framework. In the document the Commission argues that the lack of tax co-ordination (in personal taxes, excise duties, VAT, and corporate taxation) ‘slows down the realisation of the single market, jeopardises tax revenues, and denies member states the freedom to restructure their tax systems’. ECOFIN Ministers decide to appoint their personal representatives to a high-level reflection group on tax policy in the EU (chair: Commissioner Mario Monti). The group meets four times between June and October 1996.
May 1996	Ministers call upon the OECD ‘to develop measures to counter the distorting effects of harmful tax competition on investment and financing decisions and the consequences for national tax bases’.

Date	Event
1996	In his memorandum on ‘Action for employment in Europe: a confidence pact’, the President of the European Commission Jacques Santer asserts that ‘taxation policy plays an increasingly important role in the strategy for employment. A tax environment which stimulates enterprise and job creation needs to be created. The Commission is very gratified at the favourable reception given to its background paper [Tax policy in the EU] advocating a comprehensive approach to the question and the establishment of a high-level group headed by the Commission’.
21-22 June 1996	The European Council discusses the confidence pact for employment put forward by the Commission’s President: although the Council agrees with the strategy outlined by the confidence pact, it stresses that ‘high and sustained non-inflationary economic growth over the medium term is essential to significantly and durably reduce the Community’s unacceptably high level of unemployment’, thus assigning priority to sound public finance over EU initiatives for tackling unemployment. As far as tax policy is concerned, the European Council requests ‘a report on the development of tax systems within the Union, tacking account of the need to create a tax environment that stimulates enterprise and the creation of jobs and promote a more efficient environmental policy’.
13-14 December 1996	Dublin European Council ‘welcomed the Commission’s intention to continue discussions in a tax policy group, paying particular intention to the effects of this policy on employment’. For the Commission, this means the acceptance of the tax competition narrative. The link between tax policy and unemployment postulated by the Verona is accepted by the European Council.
22 October 1996	The views expressed by the members of the high-level group on tax policy are summarised in the document ‘Taxation in the EU: Report on the development of tax systems’ (COM 546 final) prepared by the Commission. The report argues that, due to damaging tax competition, the development of tax systems in the EU is such that the tax burden on labour has increased dramatically. Countries compete for capital aggressively and offer special tax regimes to companies. As a result, capital taxation diminishes and an increasing share of revenue is secured by labour. The report acknowledges that within the high-level group ‘there was no standard or objective understanding of what constitutes an unfair measure’. However, representatives agree on further initiative to define ‘acceptable and unacceptable conduct in a Community context’.
October 1996	The need for ‘a coherent overall tax policy at the Community level’ is included in the strategic document on “The Impact and Effectiveness of the Single Market”. The idea is that there is a link between tax policy and the wider single market strategy.
12 March 1997	Commission presents a proposal for a Council directive on the taxation of energy products (COM 30 final). The main idea is that the reduction of the tax burden of labour can be achieved by increasing taxation of other factors of production.

Date	Event
13 May 1997	The European Parliament tables a report in the Commission’s document ‘Taxation in the European Union: report on the development of tax systems’. The rapporteur Mr Carlo Secchi defends the approach of the Commission and calls for the introduction of majority voting on all issues concerning tax coordination.
June 1997	The “Action Plan for the Single Market” highlights the removal of tax distortions as a key strategic target for improving the performance of the single market. The plan recommends the adoption of a code of conduct ‘designed to reduce effectively harmful tax competition’, the elimination of distortions in capital income taxation, and measures against the double taxation of cross-border activity of companies, with particular emphasis on the taxation of interests and royalty payments between companies.
16-17 June 1997	At the Amsterdam European Council a resolution on growth and employment was agreed. Employment policy is linked explicitly to tax policy, not only by requesting more ‘employment friendly’ tax and social protection systems, but also by adding that ‘the European Council has agreed concrete action on making maximum progress with the final completion of the internal market: making the rules more effective, dealing with the key remaining market distortions, avoiding harmful tax competition, ...’.
August 1997	Debate on tax havens in the EU originated by Theo Waigel’s interview (<i>Der Spiegel</i> no.33, August 1997, see also page 21 above). The row implodes, with the Commission cashing the dividend of having placed the code of conduct in the limelight of the public discussion, at least in Germany and Italy.
13 September 1997	The Commission airs at the informal meeting of Finance Ministers in Mondorf-les-Bains a package of measures to tackle tax competition.
1 October 1997	Further to the discussion at Mondorf, the Commission submits a communication containing a formal presentation of the tax package and a draft proposal for a code of conduct (COM 495).
13 October 1997	‘Orientation debate’ at the ECOFIN Council. The Council invites the Commission to present refined proposals for measures to combat damaging tax competition as basis for a formal political agreement.
5 November 1997	The Commission presents a document ‘A package to tackle harmful tax competition in the European Union’ (COM 564). The document represents the formal basis of discussion and negotiation at the ECOFIN level.
20-21 November 1997	At its extraordinary meeting on employment the European Council ‘confirms the need to reverse the trend towards increasing the tax burden and stressed in this context the importance of coordinated action by Member States’. The summit recalls its concern ‘to bring to an end unfair tax competition liable to harm employment’ (2059). During the preparation of the summit, the European Parliament calls ‘for a European tax pact that puts an end to the ruinous tax race in the EU, eases the burden of taxation and other non-wage labour costs and brings about an ecological tax reform’ (2056). But the European Council refuses to make a formal invitation to the ECOFIN Council to adopt a package of measures against tax competition.

Date	Event
1 December 1997	ECOFIN Council. Agreement on (a) a code of conduct against harmful tax competition (b) the necessity to introduce a minimum taxation of savings. The Commission is invited to deliver a proposal for a directive covering this issue (c) the commitment to discuss a directive (to be proposed by the Commission) on the tax treatment of interest and royalty payments within multinationals operating in more than one member state (d) the inclusion of state aid policy within EU direct tax policy. Commissioner van Miert is therefore invited to submit a document on state aids with a tax component.
12-13 December 1997	European Council. Resolution of the European Council on economic policy coordination in stage three of the Economic and Monetary Union. The resolution calls for enhanced economic policy coordination in the Euro area. This type of cooperation should include ‘the discouragement of harmful tax competition’.
January 1998	London announces a review of financial regulation in the offshore tax havens of Jersey, Guernsey and the Isle of Man, which are self-governing Crown Dependencies outside the United Kingdom and which have associate status with the EU.
4 March 1998	The Commission presents a proposal for a Council directive on a common system of taxation applicable to interest and royalty payments made between associated companies of different member states, (COM 67 final).
9 March 1998	The Council confirms the establishment of the Code of Conduct Group (Primarolo Group).
9 April 1998	The OECD Council approves the landmark report ‘Harmful tax competition: an emerging global issue’, with the abstentions of Luxembourg and Switzerland. One of the proposals is to set up a forum on harmful tax practices.
8 May 1998	First meeting of the review group entrusted with the implementation of the code of conduct at the Council level. At this meeting Mrs Dawn Primarolo (UK secretary of finance and labour MP for Bristol South since 1987) is elected president of the group. Meanwhile, the high-level group chaired by Mario Monti continues its work at the Commission level. Pensions, electronic commerce and energy are the tax issues suggested by Monti for further discussions within the Commission’s group.
20 May 1998	The Commission presents a proposal for a Council directive to ensure a minimum of effective taxation of savings income in the form of interest payments within the Commission (COM 295).
May 1998	The Japanese government announces the intention to consider the abolition of the withholding tax paid by non-residents on income from Japanese securities.
1 June 1998	Organisational change at the Commission. Direct taxation is shifted from DGXV to DGXXI. The latter becomes responsible of both direct and indirect taxation.
December 1998	The conclusions of the ECOFIN meeting request the Commission to carry out an analytical study on company taxation in the European Union.
12 March 1999	Resignation of the German finance minister Oskar Lafontaine.

Date	Event
16 March 1999	Resignation of the 20 Commissioners following the publication of an independent report on mismanagement.
22 July 1999	The Permanent Representatives Committee (COREPER) refined this request into a formal mandate. This study should examine differences in the effective level of corporate taxation and identify the main tax provisions that might cause distortions in the cross border economic activity in the Single Market. The mandate is therefore broader than that given to the Ruding Committee in 1990 as it explicitly requests the analysis of tax obstacles in the Internal Market.
29 November 1999	The Primarolo Group reports to ECOFIN the results of the assessment of 271 tax measures. The report identifies 66 potentially harmful tax measures.
28 January 2000	The Commission produces a report that proposes tackling tax fraud by improving administrative cooperation.
5 June 2000	The Council takes the view that the recommendations of an ad hoc working group set up in 1999 to assess the current situation concerning tax fraud and to examine the possibility of improved administrative cooperation for dealing with tax fraud and evasion in the areas of indirect and direct taxation were a “useful basis for future work by the Commission and the member states”. These recommendations include mutual assistance and exchange of information between member states as well as optimising control selection methods on the basis of risk analysis and amending the VAT Information Exchange System.
26 June 2000	The OECD issues in its report “Towards world tax cooperation” a list of 47 preferential tax regimes which are potentially harmful in the OECD area and a list of 35 jurisdictions which meet the criteria of being a tax haven. Jeffrey Owens, Head of Fiscal Affairs at the OECD comments: “We define harmful tax practices by any of three operative criteria: lack of effective exchange of information, lack of transparency, and attracting business with no substantial domestic activities (e.g. ring-fencing) where coupled with low or zero tax rates. By discouraging these practices, the Report will serve to strengthen and to improve tax policies internationally. These efforts will improve overall economic well-being for all taxpayers“.
26-27 November 2000	At the Santa Maria da Feira European Council ECOFIN reached an agreement on a draft Directive for ensuring a minimum of effective taxation of savings income in the form of interest payments within the Community (COM(1998)295). All member states would adopt the exchange of information system – Austria, Belgium and Luxembourg would introduce a withholding tax for seven years and then follow into the exchange of information system. A condition of adopting the Directive (made by Austria and Luxembourg) is that third countries like the US and especially Switzerland will introduce “equivalent” measures.
2000	Inter-Governmental Conference (IGC) agrees on reforms to the Community’s institutions that are supposed to pave the way for enlargement. The Commission later calls the outcome of the Treaty negotiations on decision-making for tax issues “disappointing” – the remaining legal basis unanimity for decisions on taxation is considered to be suboptimal, especially in the context of the enlargement.

Date	Event
26-27 November 2000	The Council agrees on the key elements of the tax package.
21 December 2000	The Commission presents a document on the Contribution of Public Finances to Growth and Employment (COM(2000)846). The document declares the tax reforms implemented over the last three years a move in the right direction: While the reforms vary, most member states are cutting direct taxation on personal and corporate income.
23 May 2001	In the communication “Tax Policy in the European Union” (COM(2001)260 final) the Commission states that the progress towards greater tax coordination since the beginning of the debate on taxation policy on 13 October 1997 has been disappointingly slow: “there are currently 16 Commission proposals for Directives in the taxation domain on the Council’s table. Some of these have been on the table since the early nineties” (p20). Moreover, the Commission points out that tax systems must be made simpler and more transparent and that “a more pro-active, well-focused and even-handed use of infringement proceedings in the tax field is now required” (p24). It also emphasizes the usefulness of non-legislative solutions and the mechanism of enhanced co-operation.
7 June 2001	Ireland rejects the Treaty of Nice in its first referendum on the future of the EU expansion treaty.
July 2001	ECOFIN adopts the timetable of the tax package: member states must unanimously adopt the final text of the savings tax directive by 31 December 2002.
23 October 2001	The Commission presents the results of the requested study on “Company Taxation in the Internal market” in 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”. The report promotes a common consolidated tax base for EU-wide activities of companies.

Date	Event
14 November 2001	<p>The OECD releases a new report: OECD countries have agreed on a number of modifications to the tax haven aspects of their efforts to eliminate harmful tax practices. The report provides an update on all aspects of the work. The modifications relate to the commitments that the OECD is seeking from tax havens interested in co-operating with it to address harmful tax practices. The Report extends the time for making such commitments to 28 February 2002. The Report describes progress made over the last year in identifying and addressing harmful tax practices within and outside the OECD. In addition to reporting on the work done in connection with tax havens, it also discusses the work related to Member countries and non-Member economies. It is a follow-up to the June 2000 Report and responds to the 1998 Ministerial Mandate to address harmful tax competition (1998 Report).</p> <p>The most important modifications are:</p> <ol style="list-style-type: none"> (1) Commitments will be sought only with respect to the transparency and effective exchange of information criteria to determine which jurisdictions are considered uncooperative tax havens. (2) The potential framework of co-ordinated defensive measures would not apply to uncooperative tax havens any earlier than it would apply to OECD Member countries with harmful preferential regimes. (3) The time for making commitments is extended to 28 February 2002. (4) In order to ensure that committed jurisdictions have enough time to develop implementation plans, the time for making such plans has been extended from six months after the date of making a commitment to twelve months after that date.
March 2002	<p>The International Conference on Financing for Development, held in Monterrey, Mexico, results in the Monterrey Consensus, that provides the groundwork for the UN general assembly in October. The Consensus calls for strengthened international tax cooperation, through enhanced dialogue between national tax authorities, multilateral bodies and regional entities.</p>
11 March 2002	<p>After the Council Conclusions welcome the initiative, the Commission sets up the EU Joint Transfer Pricing Forum (JTPF) consisting of an expert of each member state and 10 experts from business. Representatives from applicant countries and the OECD are invited to take part as observers.</p> <p>The task of this forum is to elaborate on the basis of consensus pragmatic, non-legislative solutions to practical transfer pricing problems in the European Union, within the framework of the OECD guidelines - this is to consider ways of reducing the high compliance costs and eliminating the double taxation that might arise in the case of cross border inter-company transactions. The JFTP therefore focuses particularly on the reduction of the compliance burden due to documentation requirements, the promotion of greater certainty and the exploration of speedier dispute resolution processes.</p>
April 2002	<p>The Commission hosts a conference on company taxation. More than 500 participants debate future European tax policy. The Commission committed to working on the creation of a consolidated tax base for EU-wide operations and an apportionment formula to distribute income among member states. The main considerations include common consolidated base taxation as a tax system for the European Company Statute and home state taxation for SMEs.</p>

Date	Event
10 April 2002	UNICE (Union of Industrial and Employers' Confederations of Europe) reacts to the Commission's report on company taxation (COM(2001)582final) UNICE supports the Commission's work and points out very clearly that 15 different tax administrations in one market are a major burden to business, especially for SMEs. UNICE also calls the increased burden of transfer pricing documentation requirements and the risk of double taxation due to the cross-border business complexity an "impossible and intolerable compliance burden for business in Europe".
16 April 2002	The European Commission calls on transfer pricing experts to apply for membership of the JTPF in the Official Journal of the European Communities (C-90/7).
18 April 2002	The OECD releases a Model Agreement on Exchange of Information in Tax Matters, developed by the OECD's Global Forum Working Group on Effective Exchange of Information which included representatives from several OECD countries and Aruba, Bermuda, Bahrain, Cayman Islands, Cyprus, the Isle of Man, Malta, Mauritius, the Netherlands Antilles, the Seychelles and San Marino. This Agreement contains two models for bilateral agreements drawn up in the light of the commitments undertaken by the OECD and the committed jurisdictions. The Working Group was chaired by Malta and the Netherlands and marks the first results of the OECD's collaboration with the jurisdictions that have committed to improve transparency and establish effective exchange of information in tax matters. The model grew out of the work undertaken by the OECD to address harmful tax practices that distort competition in the global market for mobile financial services. One of the key criteria in identifying harmful tax practices is the lack of effective exchange of information. The model can be used as a basis for entering into agreements to exchange information.
June 2002	The EU Council adopts the Regulation on International Accounting Standards (IAS): All listed European companies have to prepare their consolidated accounts in accordance with IAS from 2005.
20 June 2002	ECOFIN Progress Report on the Tax Package: Switzerland still refuses to join an automatic information exchange system in the area of savings taxation. Negotiations with the US, Monaco, Andorra, San Marino, and Liechtenstein have started.
1 July 2002	Denmark assumes the presidency of the European Union and announces that completing the tax package, which consists of the code of conduct for business taxation, the proposed directive on interest and royalty payments, and the directive on savings taxation, until the end of the year will be its top priority. The United Kingdom and the Netherlands have reported progress in their negotiations with their dependent and associated territories. The Code of Conduct Group continues its work to roll back harmful aspects of tax competition.

Date	Event
September 2002	<p>Ireland prepares for the second referendum on the Treaty of Nice. Prime Minister Bertie Ahern blames the result of the first referendum on a lack of publicly available information.</p> <p>Anthony Coughlan, of the National Platform, says to the Irish Times that people rejected the treaty because it threatens the future of Ireland’s ultra-low corporation tax rates. Ireland would lose its veto power and have only a qualified-majority vote on the Council. Moreover the treaty would favour the largest member states like Germany and France.</p> <p>Finance Minister Charlie McGreevy, however, tells the Irish House of Representatives on 4 September that in his opinion the treaty of Nice represents “a very good outcome for Ireland and for small member states in general”. He points out that there’s no possibility to impose direct tax harmonization on Ireland by other member states: “Enhanced cooperation is not a blueprint for large member state domination of a two-tier Europe. It does allow for a necessary degree of flexibility in the context of a union of 27 where there maybe instances that a smaller group of member states wish to participate in a particular project.”</p>
September 2002	<p>During the campaign for Germany’s federal election, held on 22 September, the Green Party appears to be in favour of an EU-wide corporate tax harmonization to ensure “fair” tax competition.</p>
3 October 2002	<p>EU joint Transfer Pricing Forum holds its first meeting.</p>
21 October 2002	<p>The Final Report of Working Group VI on Economic Governance states that the decision-making procedures in the area of fiscal policy should be changed in order to “provide for sufficient approximation of rates, minimum standards and tax bases in the areas of indirect and company taxation to ensure that the proper functioning of the Single Market is not affected by harmful tax competition or serious internal trade distortion”</p> <p>The work of the Group has been based on the expectation that there will be a basic European constitutional treaty.</p>
8 November 2002	<p>The 2002 broad economic policy guidelines for the EU member states are published online by the European Commission. The report recommends coordinating the taxation of member states in order to avoid harmful tax competition. According to the report the corporate tax system and the regulatory environment should be simplified and improved and barriers to cross-border economic activities associated with VAT and business taxation should be reduced.</p>

Date	Event
11 December 2002	<p>Extraordinary ECOFIN meeting after the unsuccessful regular meeting on 3 December: The Danish EU presidency makes a last effort to secure agreement among the 15 member states on the effective taxation of individuals' cross-border interest income within the EU but fails.</p> <p>Austria, Belgium and Liechtenstein refuse to accept any deal short of Switzerland's automatic exchange of information with EU member states.</p> <p>EU tax commissioner Frits Bolkestein got a revised offer from Switzerland on 6 December to disclose information on demand in case of tax fraud. However, this offer is regarded as incomplete by the presidency and no agreement is found.</p> <p>Since the savings directive is part of the wider tax-package the end-2002 deadline can't be made and has to be delayed into 2003 under the Greek presidency.</p> <p>In the ongoing savings tax negotiations with the United States, Liechtenstein, Monaco, Andorra and San Marino no agreement on the adoption of equivalent measures to the EU savings tax measures has been reached so far.</p>
13 December 2002	<p>The Danish EU presidency announces at the Copenhagen Summit the successful conclusion of talks with 10 accession countries. The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Cyprus and Malta will become full EU member states in May 2004.</p> <p>All of the states had to adopt direct and indirect tax policies in keeping with the EU tax standards.</p>
20 December 2002	<p>France and Germany propose to the Convention on the Future of Europe to move to qualified majority voting in the Council in the area of EU tax legislation. This signals a shift for both France and Germany – both countries opposed giving up national tax sovereignty until now.</p>
17 January 2003	<p>The Financial Times points out that the compromise on the table regarding the savings tax negotiations will undermine European and OECD efforts to rein in global tax haven activities and to combat “an evil that weakens the public finances of leading economies and helps bankrupt ailing states in the developing world”. Belgium, Luxembourg and Austria were supposed to impose a withholding tax on non-resident savings at a sufficiently high level and then move to automatic information exchange from 2011. The new compromise no longer obliges these three countries to move to information exchange from 2011 – instead a unanimous vote of all 15 member states would be required, giving each of the three an effective veto. The FT calls this compromise “unacceptable” and demands a “solution that does not destroy the credibility and effectiveness of information exchange”.</p>

Date	Event
21 January 2003	<p>The Greek presidency announces a “breakthrough” on the issue of taxation of savings: During the ECOFIN meeting on 21 January 2003 a compromise is found that allows Austria, Belgium and Luxembourg to participate in the savings directive without abandoning their bank secrecy rules. These three countries will not exchange information about non-residents’ accounts until Switzerland and others does the same. The agreement is supposed to take effect on 1 January 2004. Those three jurisdictions will withhold 15% tax on other members’ residents’ interest income. On 1 January 2007 the rate will go up to 20% and it will rise to 35% on 1 January 2010. Switzerland has offered to exchange information in the case of a legitimate criminal investigation and to move to a broader definition of tax crime that will allow information exchange more easily than before.</p> <p>Condition of the whole agreement is that the non-EU states Liechtenstein, Andorra, the US, Monaco, San Marino and Switzerland agree to the savings tax terms, otherwise Austria, Belgium and Luxembourg will cancel their support.</p> <p>The OECD harshly criticizes the agreement. The Organisation is afraid that the global effort on cracking down on tax having activities will get undermined by EU plans that allow some of their jurisdictions to maintain bank secrecy.</p>
24 January 2003	<p>A survey of 1450 top executives done by the US delivery company UPS leads to the result that businesses believe greater tax harmonization across Europe would benefit them more than any other improvement to the EU Single Market.</p> <p>One in three company directors in seven of the largest EU countries regarded the issue as more important than an EU set of Company laws or a Europe-wide pension regime, although the percentage of executives putting tax on the top of their wish-list ranged from 47% in Italy to 25% in Britain.</p> <p>John Cridland, deputy director-general of the Confederation of British Industry tells the Financial Times that the support for harmonization is highest in high tax countries and that the UK must “resist moves that would erode our competitive advantage”.</p>

Date	Event
24-25 January 2003	<p>Conference on Multinational Enterprise Taxation in the EU held in Siena, Italy with academics, senior tax policy experts from the Commission, the Italian Government, and Italian Industry.</p> <p>University of Bologna Professor Silvia Giannini said that the EU should consider a minimum tax rate on corporate income in order to put a brake on the potentially harmful tax competition that might otherwise prevail and to act as a corporate tax floor, similar to the system in the US and Canada. She also raised the issue of Estonia as potentially troublesome when entering the EU next year because of abolished corporation tax.</p> <p>Matthias Mors, head of the Commission’s Tax Coordination Unit stressed out that “the objective of tax neutrality is not the only legitimate goal of tax policy, and taxation ultimately involves a political choice and a trade-off between pure economic efficiency and other legitimate policy goals”.</p> <p>Hugh Ault, senior advisor to the OECD’s Centre for Tax Policy and administration, reported that 31 low-tax jurisdictions have become “participating partners” in the OECD work over the last five years. The International Tax Dialogue (ITD), a joint effort of the OECD, the IMF and the World Bank is, according to Ault, setting up an internet-based system for tax administrations to share experiences and exchange best practice in international tax issues.</p> <p>Robert Verrue, director general of the European Commission’s Taxation and Customs Unit pointed out that the exchange of information is the chief means to combat tax evasion. Since he didn’t mention withholding tax as another means he also seemed to suggest that national tax measures in general are not sufficient to combat cross border tax abuses.</p> <p>The European Commission plans to address this issue by updating the Directive on Mutual Assistance (77/799/EEC) during the first half of 2003 in order to improve administrative cooperation. One new element will be a provision allowing member states to conduct simultaneous controls of companies doing business in more than one country.</p> <p>Franco Gallo, University of Rome, pointed out that since the code of conduct for business taxation just represents a soft law approach, more concrete steps could be taken by the ECJ or through the European Treaty concerning state aid.</p>
29 January 2003	<p>Franz von Daeniken, Switzerland’s chief diplomat in the European Union, states according to Reuters News that he believes a savings tax agreement between Switzerland and the EU to be possible. Switzerland wants the agreement to be linked to the EU approval of agreements in nine non-tax areas, including agricultural trade and asylum and migration.</p> <p>Swiss Finance Minister Kaspar Villiger also is “to a measured degree” optimistic about the savings tax directive.</p>
4 February 2003	<p>In an article for the Financial Times Edward Troup, head of tax strategy at Simmons and Simmons writes about the European Court of Justice quietly undermining national corporation tax systems. He emphasises that the Court can strike out tax rules as unlawful but cannot build up its own solutions: “As a result it is carving pieces off the tax systems of Europe, seeking to leave behind only those elements consistent with the fundamental freedoms of the EU treaty. Herein lies the rub: the only corporation tax system truly compatible with those freedoms is a fully harmonised one [...] As long as harmonisation is off the agenda, EU governments should establish new parameters for the application of the single market rules to taxation, before they find they have no corporation tax revenues left to defend”.</p>

Date	Event
18 February 2003	<p>ECOFIN pledges to formally adopt the tax package before the European Council meeting on 21 March 2003. Greek Finance Minister Nikos Christodoulakis is optimistic to conclude negotiations with Switzerland on the savings tax directive.</p> <p>However, there are quite a few problems left to solve: Switzerland wants a firm conclusion on nine other non-tax policy areas. It also wants the EU to withdraw all threads of sanctions and an understanding with the EU that if Switzerland cooperates on the savings tax deal, the EU will not try to tackle Swiss bank secrecy via the OECD. And Switzerland wants flexibility to tax the interest income of non-residents from EU member states based on the tax rates in their home jurisdictions.</p>
7 March 2003	<p>ECOFIN fails to move any closer to find a final agreement on the savings tax directive, because of internal EU problems. Italy has linked its agreement on the savings tax issue with an extension on its reduced diesel fuel rates for truckers. Germany, with the Green Party in the Government coalition, strongly opposes this demand. Additionally, Italy wants higher EU milk production quotas for Italian dairy farmers in order which led to anger from the other 14 member states.</p> <p>Switzerland in the meantime made clear that its agreement with the savings tax directive depends on the EU granting parent-subsidiary benefits to Swiss companies. Spain, Portugal, and Italy oppose the extending of the parent-subsidiary directive to Switzerland. These countries will receive permission from ECOFIN in May to begin bilateral negotiations regarding this issue.</p> <p>However, Greek Finance Minister Nikos Christodoulakis said after the ECOFIN meeting, that he believes an EU-Swiss agreement could be achieved before April.</p> <p>All ECOFIN members have an interest in solving the issue before mid-April, at which time the ten accession states agree on the final EU membership terms. They would have a say in the savings tax issue after that date.</p>
20 March 2003	<p>ECOFIN approved an energy tax directive, which sets minimum tax rates for coal, mineral oil, electricity, and natural gas in all EU member states. Before this meeting Austria opposed the directive; it objected to the low taxes on energy-intensive firms and diesel fuel. Chuck Austria's agreement to the directive at the end of the day can be seen to be set as an example for Italy to compromise on the savings tax deal.</p>
16 April 2003	<p>10 countries, the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia, and Slovakia, sign the EU accession treaty, which will make them full members of the EU in May 2004.</p>
2 May 2003	<p>The Financial Times reports according to a study done by KPMG that the average corporate tax rate across the 15 members of the European Union has declined from 39% in 1996 to just under 31.7%.</p> <p>The average OECD country corporate tax rate fell in the same time from 37.5% to 30.8%.</p> <p>The FT talks about tax competition that leads to a race to the bottom.</p> <p>However the share of total tax revenues represented by corporate income has been stable and even rose in the 1990s.</p>

Date	Event
5 May 2003	<p>The European Commission releases Internal Market Scoreboard No. 12, which tracks member states' delays in implementing EU law.</p> <p>According to this scoreboard the existence of 15 different corporate tax systems causes inefficiencies in the Single Market. The Commission believes a common consolidated tax base (CCTB) to be the only lasting solution to this problem as well as to the problem of the complex and inequitable transfer pricing systems of EU member states.</p>
13 May 2003	<p>At the ECOFIN meeting Denmark and the Netherlands lead the criticism of Italian tactics regarding the savings tax directive and its linkage to milk quotas and insisted that Italian dairy farmers should not be let off easily over unpaid fees for exceeding their quotas. Italy proposed that they should have 30 years interest free to pay of fines. This was rejected but a compromise is to be expected. According to the Financial Times many ministers expressed their anger about Italy holding up the agreement. However, Italy is expected to step back from its demands after a round of municipal elections on 25 May, which clears the way for a final agreement on the savings tax deal in June. Switzerland and the US have both agreed on reciprocal accords with the EU to create a savings tax regime.</p>
2 June 2003	<p>EU finance ministers agree on the tax package first proposed in December 1997. It includes a code of conduct for business taxation, a directive to abolish withholding taxes on interest and royalties between EU group companies, and a directive to ensure the taxation of interest income of individuals, either through exchange of information authorities or by applying a withholding tax on interest.</p>
3 June 2003	<p>The EU council states in a release...</p>
10-11 October 2003	<p>The Council of Heads of Tax Services within the Integration Committee of the Eurasian Economic Community (EURASEC) and the Coordination Council of Heads of CIS (Commonwealth of Independent States) Tax authorities held separate meetings in Moscow.</p> <p>EURASEC approved a strategy to harmonize tax administration in member countries in 2004 and 2005.</p> <p>The Coordination Council of Heads of CIS Tax Authorities instructed a working group to analyze tax harmonization proposals and observations of member states.</p>
Mid-October 2003	<p>OECD meeting in Ottawa with 20 OECD member countries and 20 low-tax jurisdictions. Although the organization agreed to move forward with its strategy to crack down on harmful tax competition, two jurisdictions dropped out after charging that the OECD was holding them to a different standard than its own members.</p>
29 October 2003	<p>Following the Monterrey Consensus the United Nations announces at its general assembly meeting the creation of a global commission to help governments coordinating their tax policies with the aim of cracking down on tax evasion and tax avoidance. U.N. officials emphasised that the new body would be a forum for governments to discuss their ideas and philosophies – it wouldn't write countries' tax codes or set global tax rates.</p>

Date	Event
December 2003	Christa Randzio-Plath, president of the Economic and Monetary Affairs Committee comments the maintaining of the status quo instead of a move towards qualified majority in the area of taxation policy in the Council at a conference on EU Corporate Tax Reform in Rome: “It is deeply regrettable that the Convention on the future of Europe, and the ongoing Intergovernmental Conference represents a lost opportunity when it comes to addressing the European Union’s shortcomings in creating an Internal Market without tax barriers.”
31 December 2003	The European Union’s self-imposed deadline for the adoption of the savings tax directives expires. This is due to Switzerland, which even though it is not an EU member must participate in the savings tax directive for the plan to move forward (the US, Andorra, Liechtenstein, Monaco, and San Marino also have to participate). In the same time EU transportation ministers concluded an agreement, limiting alpine trucking. After that Austria is willing to show greater flexibility with Switzerland in savings tax negotiations.
22 March 2004	The OECD releases a report updating the progress in eliminating harmful tax practices. The report focuses primarily on the work as it relates to OECD member countries. It also updates other aspects of the work undertaken since the last progress report issued in 2001. According to the 2004 progress report on the OECD’s Project on Harmful Tax Practices, released in March, out of a total 47 preferential tax regimes cited in 2000, 18 regimes have been abolished or are in the process of being abolished, 14 have been amended so that any potentially harmful features have been removed, and 13 have been found on further examination not to be actually harmful. Two regimes, those of Switzerland and Luxembourg, are to be the subject of further discussion later this year. Bill McCloskey, chairman of the OECD’s Committee on Fiscal Affairs which is leading the drive against harmful tax practices, hailed these positive results. “The work has resulted in real change,” he said in a statement. “OECD countries have shown that they will take action to ensure that tax competition is fair.”
April 2004	Regarding the EU enlargement Gerhard Schroeder, the German Chancellor, says that it is unacceptable that “Germany as the European Union’s biggest net payer, finances unfair tax competition against itself. Germany threatens to cut EU regional aid unless the new members rethink their tax policies.
23 April 2004	In the Commissions Communication on the work of the JFTP in the first year (COM(2004)297) the Commission announces that it may decide to extend the Forum’s mandate for another period of two years.
28 April 2004	Germany’s Supreme Tax Court rejects tax authorities’ contention that transfer pricing rules contained in regulations issued under the Foreign Tax Relations Act apply to domestic relationships.
May 2004	The European union expands from 15 to 25 member states.

Date	Event
3-4 June 2004	<p>Germany hosts a meeting of the OECD Global Forum of Taxation in Berlin. 100 representatives from 42 governments, both OECD and non-OECD, participate. The meeting was convened to discuss the process in achieving a global level playing field based on high standards of transparency and effective exchange of information in tax matters, in a way that is fair, equitable and permits fair competition between all countries, large and small, OECD and non-OECD. All participants are committed to this objective and look forward to engage in dialogues with financial centres that haven't participated yet.</p> <p>A future meeting is set to review the outcome of the compilation of current practices in transparency and information exchange.</p>
4 August 2004	<p>The Commission launches a consultation on HST (home state taxation) and releases additional technical details.</p>
10 September 2004	<p>Luxembourg prime minister Jean-Claude Juncker is elected as chair of the Euro group by their 12 finance ministers, a new position that will represent the group's interests.</p>
10-11 September 2004	<p>The EU Council of Economic and Finance Ministers (ECOFIN) agrees in an informal meeting in The Hague to set up a working group to study both a common consolidated tax base for EU companies and the use of home state taxation (HST) by small and medium-sized EU companies during a trial period.</p> <p>UK Chancellor Gordon Brown opposes moving towards a consolidated tax base because he views it as a first step toward EU tax rate harmonization. Apart from the UK Ireland, Estonia, Malta and Slovenia oppose the creation of the working group and are likely not to participate in it, fearing that it'll lead to full tax rate harmonisation and a weakening of their economic advantage.</p> <p>France and Belgium want the group to study both base and rate harmonization, but they are alone with this position.</p>
16 September 2004	<p>The European Commission publishes a study done by Deloitte EU Tax Group on a pilot project for CCTB for the European company statute (SE). The study concludes that limiting the benefits of a CCTB to companies set up as SEs would create a discriminatory regime and foster unfair state aid.</p>
30 September 2004	<p>Following the Parmalat accounting scandal the Commission announced adoption of a broad strategy on corporate tax compliance and corporate governance to avoid future scandals involving financial malpractice. The Italian food giant Parmalat had made use of "non-transparent structures provided by offshore jurisdictions". Hence the strategy calls for actions at the global level to achieve more transparency and information exchange with third countries which means primarily tax haven jurisdictions. It also calls for a more coordinated approach on the OECD project to crack down on harmful tax competition.</p>
8 October 2004	<p>Societas Europea (SE), that is "European Companies", are from now on a way of forming and registering a European public limited liability company. The main benefit is that an SE should only register in the country in which its headquarter is located to be recognised throughout the EU and to access the Single Market. It is available for all 28 EU and EEU states.</p>

Date	Event
26 October 2004	<p>The European Union and Switzerland sign the savings tax agreement in Luxembourg. It is scheduled to take effect on 1 July 2005.</p> <p>The Swiss Parliament still has to ratify the agreement. Eight other bilateral agreements (The Schengen Agreement on border controls for example) between the EU and Switzerland get signed the same day.</p>
4 November 2004	<p>The new President of the European Commission Jose Manuel Barroso selects Laszlo Kovacs, former foreign minister of Hungary, for the post as EU Tax Commissioner.</p>
15 November 2004	<p>The European Union and Andorra sign the savings tax agreement.</p>
16 November 2004	<p>Joint confirmation hearing of the Parliament’s Economic and Monetary Affairs Committee (EMAC) and the Internal Market Consumer Protection Committee (IMCPC) in order to decide on Laszlo Kovacs’s nomination.</p> <p>Kovacs says he favours removing tax obstacles that disturb the Single market, exchanging saving tax information also with financial centres outside the EU, such as Hong Kong and Singapore, and creating a common consolidated tax base for EU companies.</p> <p>Both committees were obviously more impressed by him than by former Tax Commissioner-designate Ingrida Urdre: Pervenche Beres, EMAC chair, and Phillip Whitehead, IMCPC chair wrote in a letter to the Parliament President, that Kovacs “showed a commendable grasp of his portfolio” in light of “the short period of time which was available to him to prepare for the hearing”.</p>
18 November 2004	<p>The European parliament votes to approve the slate of 24 commission nominees presented by the President of the European Commission Jose Manuel Barroso, including tax nominee Laszlo Kovacs of Hungary.</p>
23 November 2004	<p>First Meeting of the Working Group on the Common Consolidated Corporate Tax Base (CCCTB WG).</p>
7 December 2004	<p>The Commission issues a press release welcoming the signature of agreements on the savings directive with Monaco, San Marino and Liechtenstein. The agreements are based on the same four principles as the Swiss agreement:</p> <p>Withholding Tax: Paying agents in the three countries will be required to withhold tax on interest payments to EU individuals at the same rates as Belgium, Luxembourg and Austria under the Savings Directive - 15% during the first three years, 20% for the subsequent three years and 35% thereafter. The three countries will share the revenue of the tax withheld, transferring 75 per cent of the revenue to the tax authorities of the individual's Member State of residence.</p> <p>Voluntary disclosure of information: The retention tax will not be applied if the EU resident taxpayer authorises the paying agent to disclose information on the interest payment to his home tax authorities.</p> <p>Review clause stating that the Contracting Parties shall consult with each other at least every three years or at the request of either Contracting Party with a view to examining and if necessary improving the technical functioning of the Agreement, taking into account international developments.</p> <p>Exchange of information upon request: For income covered by the draft Agreement, the three countries will grant exchange of information on request for cases of fraud or comparable misbehaviour.</p>

Date	Event
9 December 2004	Swiss parliament approves Switzerland's savings tax agreement with the European Union.
21 February 2005	<p>Jeffrey Owens of the OECD has revealed to Tax Business the organization's latest initiatives in the field of transfer pricing.</p> <p>The OECD's Committee on Fiscal Affairs has set a target date of January 2007 for an overhaul of the organization's Model Tax Convention. This overhaul, said the director of the Centre for Tax Policy and Administration, will comprise three main initiatives.</p> <p>The first of these is expanding the number of jurisdictions adopting the OECD's 1995 transfer pricing guidelines. The second initiative involves clarifying the concept of permanent establishment through the publication of its Report on the Attribution of Profits to Permanent Establishments (RAPPE). And the third strand to the overhaul is monitoring the implementation of the guidelines in jurisdictions where they are already in force.</p>
10 March 2005	Second meeting of the CCCTB WG.
16-17 March 2005	EU Joint Transfer Pricing Forum holds its eleventh meeting.
7 April 2005	Opinion of the ECJ Advocate General Maduro regarding the Marks&Spencer Plc case is issued. Maduro concludes that M&S can claim group relief on losses incurred by subsidiaries in other EU member states, and that the UK government's rejection of M&S's claim to offset the losses of its foreign subsidiaries under the UK group relief regime is incompatible with the principle of freedom of establishment in the EC Treaty.
25 April 2005	Bulgaria and Romania sign the Accession Treaty to the EU. They should become members of the EU on 1 January 2007.
2 June 2005	Third Meeting of the CCCTB WG.
11 June 2005	G 8 minister's meeting: The Group agrees to consider a proposal (by French President Chirac) to levy a tax on airline tickets to help fund Third World development.
1 July 2005	The savings tax directive takes effect.
23 September 2005	Fourth Meeting of the CCCTB WG.
25 October 2005	The Commission releases the Communication "The Contribution of Taxation and Customs Policies to the Lisbon Strategy" mapping out an ambitious time plan to present a Community legislative measure on a Common Consolidated Tax Base by 2008. It also states the Commission's intention to present a Communication on Home State Taxation by the end of 2005 and to draft a directive on cross-border reliefs after the ECJ decided on the Marks&Spencer Case.
10 November 2005	Charlie McCreevy, European Union internal market commissioner, dismisses calls to harmonise national tax regimes, arguing that it was "healthy" for national governments to compete for foreign investment by offering low corporate tax rates. "Tax harmonisation is not on the agenda, nor will it be," Mr McCreevy says in a speech in Brussels. "National vetoes will be retained and competition between member states for inward investment - some of it tax-based - will continue," he says. "Tax competition is a healthy spur to governments across Europe."