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Double taxation dispute proposal is a top priority

Sir, The EU finance ministers meet at an informal Ecofin meeting in Malta on April 7-8. Tax certainty is on the agenda. It is important that ministers express their support for the most important area of tax certainty – the elimination of international double taxation arising when more than one member state claim the right to tax the same profit. The European Commission's proposed directive on double taxation dispute resolution mechanisms will substantially enhance tax certainty and is therefore a vital initiative to promote growth and jobs in Europe. Its approval is a top priority of the Maltese presidency.

The current mechanisms, primarily the arbitration convention, are insufficient. As a result, almost 1,000 cases of double taxation, accounting for almost €10bn, remain unresolved. The total number of cases is much higher given that it is too costly for many companies to challenge government claims. In fear of such conflicts, companies, in particular small and medium-sized businesses, forgo cross-border investments. The commission's proposal will provide mechanisms for resolving these cases, if necessary by mandatory binding arbitration. The European Economic and Social Committee (EESC) has unanimously endorsed the proposal, stressing the urgency of implementation. Europe is waiting for a positive decision at the council's next meeting.

Krister Andersson

EESC Rapporteur on the Opinion on Double Taxation Dispute Resolution Mechanisms