

Preface

Our book presents a report which was prepared in 2007 and 2008 for the Taxation and Customs Union Directorate General of the European Commission, under contract no. TAXUD-2007 DE325.

The results are intended to serve the evaluation of the potential tax consequences arising from the introduction of a harmonised tax base for EU-resident companies, as contemplated by the European Commission. A harmonised tax base or common corporate tax base can help to eliminate the most important tax obstacles to cross-border EU-wide activities (compliance costs, denial of group wide consolidation of profits and losses, transfer pricing problems and double taxation caused by cross-border re-organisation and conflicting taxing rights) stemming from the great diversity of the Member States' tax systems.

A Common Corporate Tax Base (CCTB) as a policy option would replace the current 27 different tax codes for the calculation of taxable income across EU Member States with a single and common set of corresponding tax rules. The principle aim of the report is to provide an analysis of the consequences which an adoption of a CCTB would have on the size of the corporate tax bases and tax burden of EU companies located in each of the 27 Member States using the model of the "European Tax Analyzer". As the concept of the CCTB is narrower compared to the concept of a Common Consolidated Corporate Tax Base (CCCTB) which in addition takes into account consolidation, cross-border loss compensation and allocation of the tax bases to different Member States, the latter three elements of a CCCTB, are not addressed in this report.

On March 16th 2011, the European Commission published a proposal for a Council Directive on a Common Consolidated Corporate Tax Base (CCCTB). The findings of this report are included in the impact assessment to the proposal for the Council Directive. The permission to publish this report was granted in April 2011. Nevertheless, we explicitly state that the opinions expressed in this report are our own and do not represent the Commission's official position.

The report was carried out jointly by the ZEW, the University of Göttingen, and the University of Mannheim. Especially important roles were played by *Dr. Timo Reister, Christof Ernst, Katharina Finke and Michael Grünewald* who contributed to the project by supporting the quantitative parts and preparing the report.

Reinald Koch and Jens Prassel made further substantial contributions with respect to the statistical analyses and related elements of the work. In addition we gratefully acknowledge the excellent help and advice of *Dr. Christina Elschner*.

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Burdens

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