

Brussels,
Ares(2014)

Dear Minister, *Ch. MICHEL,*

Thank you for your joint letter, with Ministers Schäuble and Padoan, and for your welcome support for EU action against corporate tax avoidance and aggressive tax planning. I fully agree with you that there is a pressing need to combat these problems, and that we must work together as a Union to do so.

As you are no doubt aware, the fight against tax avoidance is one of the top ten priorities in President Juncker's programme. In this context, I intend to propose to the College that, already in 2015, we present a comprehensive roadmap identifying how to improve our tools and possibly defining new ones, in order to better address harmful tax competition, base erosion and profit shifting in the Single Market.

The focus of our work will very much reflect the key issues you have identified, namely the need for further tax transparency, to tighten anti-abuse provisions and to review our Union's tools against tax havens. My services are already mobilised towards identifying the best legal instruments to deliver what is needed.

I am determined that the pace of our work will reflect the political and public demand for expedience. At the same time, it will also be important to ensure that any legislative proposals are well-grounded, workable and effective. They should also fit seamlessly with the OECD's on-going project to tackle tax avoidance internationally. This is crucial to ensure the quick and full support of all 28 Member States for any proposal, in line with EU inter-institutional decision-making procedures.

In the meantime, we must accelerate existing proposals which can have a real impact in reducing tax avoidance and ensuring fairer tax competition within the EU. In particular, negotiations on the Common Consolidated Corporate Tax Base (CCCTB) demand new impetus. The CCCTB would answer your call for a more harmonised approach to corporate taxation within the EU, while still respecting the sovereign rights of Member States in this area. It would guarantee a closer link between taxation and economic activity, and greatly assist all national authorities in collecting the revenues that they are rightfully due.

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I very much rely on your support in advancing the important anti-avoidance files on the table in Council, and in engaging with the other Member States to facilitate timely adoption. For my part, I will aim to ensure that the Commission delivers the necessary new initiatives against tax avoidance next year.

I remain at your disposal and look forward to working with you on these issues. I firmly believe that with a shared vision and the right level of political will, we can successfully tackle this common problem and deliver great improvements to taxation in the EU. I am also sending this letter to Ministers Schäuble and Padoan.

Yours sincerely, *P. Moscovici*

Pierre Moscovici

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