Curentul Juridic – Juridical Current

2017, Vol. 71, No. 4, pp. 13-24

THE COMMON CONSOLIDATED CORPORATE TAX BASE IN THE EU - A NEW PHASED APPROACH

Mihaela GÖNDÖR[*]

ABSTRACT: *As the previous endeavors by the European Commission to submit the Common Corporate Tax Base (CCTB) have failed, and new aspects have arisen that increases the demand for a common viewpoint to corporate taxation in the European Union Member States, the Commission announced in October 2016 to re-launch the proposal-directive for a common consolidated corporate tax base (CCCTB). Therefore, the paper discusses various parts of the fiscal policy reforms in the European Union, to promote the fiscal harmonization, with regard to the Common Consolidated Corporate Tax Base. The study focuses on the issues of the two-phase approach of the CCCTB, which will substantially reform corporate taxation throughout the EU, to ensure fiscal responsibility at the national and European level, to upgrade the business environment in the European single market, by molding EU tax law simpler. The aim of the study is to present the main measures of the reform, to compare the 2011 proposal with the new phased approach, and to analyze the pros and the cons. The main objective of this paper is to back up a statement on the design of the CCCTB with the comprehensive analysis in order to contribute to the finding of a European solution to the new matters in the present day settled international tax rules. The paper uses actual official data from European Union database, Eurostat, and national authorities.*

KEYWORDS: *European fiscal harmonization; corporate taxation; EU corporate tax code; Common Consolidated Tax Base*
JEL Classification: *K34, H87*

1. INTRODUCTION

The current discussion on a possible fiscal reform in the European Union (EU), with regard to the Common Consolidated Corporate Tax Base, centers on the question of a proposed EU-wide corporate tax code, as a further step toward fiscal harmonization. Given the relationships between taxation and most of the factors that determine the economic growth and the national prosperity, such as business, consumption, savings, investments, international trade and finance, inflation, and changes in unemployment, understanding the importance of the fiscal policy can make a valuable contribution to the design of the present proposed fiscal reform. On the other part, mainly after the loss of an

[*] Associate professor, PhD. "Petru Maior" University of Tirgu Mures, Faculty of Economics, Law and Administrative Sciences, ROMANIA.

autonomous monetary policy, and given the importance of the fiscal policy as a specific tool for the economic development of each Member State, there is a reluctance of the national governments to adopt the tax harmonization measures by unanimity in Council, as it is required. As stated by Erdos (2011, pp.42), in the EU, the harmonization of taxes, especially of direct taxes, is a politically highly sensitive area. Hence, the EU fiscal harmonization, specifically provisioned in the European Community Treaty (TCE), has become an almost impossible goal and an omnipresent issue within the European Commission, subject of permanent debates of the researchers and expert groups in the Member States.

In the matter of corporate taxation, the first harmonization measure was to introduce a Common Consolidated Corporate Tax Base for EU businesses (CCCTB), a strategy the European Commission has been working towards since 2001, considering that it is the only way to eliminate the obstacles from the cross-border activities of the EU companies (Commission of the European Communities, 2001). As presented in previous research, the idea of a common tax base for the EU companies was not accepted by all the EU Member States, nor by the whole business area (Göndör, 2011b), and the 2001 attempt to introduce the Common Consolidated Corporate Tax Base for EU businesses has failed.

In 2011, after years of debates and consultations with the business community, the academic community, fiscal experts and delegates of all 27 Member States (at that time), the European Commission announced to re-launch the proposal-directive for a Common Consolidated Corporate Tax Base (European Commission, 2011). As stated by the European Commission (2011), the debates have demonstrated "a firm support from the business community to the initiative of simplifying the current operation of corporate tax systems in the EU, and to the prospect of removing tax obstacles for businesses that operate in a cross-border environment". Although the 2011 proposed directive was designed "to provide companies with a single set of corporate tax rules for doing business across the internal market" (European Commission, 2011), and a Common Consolidated Corporate Tax Base (CCCTB) was broadly expressed "to be the most promising comprehensive solution", the consolidation rules met the opposition of the EU Member States, and the attempt to introduce the Common Corporate Tax Base (CCTB) have failed.

Considering that, the fiscal rules in use for companies in Europe no longer correspond to the actual background, and giving the need for "a fair and efficient taxation of corporate profits", in October 2016, the Commission has re-launched the proposal-directive for a Common Consolidated Corporate Tax Base (CCCTB) (European Commission, 2016c). A new public debate on this subject has been opened.

According to our previous studies, given that tax harmonization is an almost impossible goal for the European Union, and on the other hand, so many national different tax regulations pose problems for all companies doing business abroad, the solution would be the structural harmonization, i.e. the consolidation of the tax rules (Göndör 2011a; 2011b). The nowadays question is whether the fiscal effects of the proposed fiscal reform are reasonable or not, i.e. whether the new rules will provide the tools to make business in the Single Market easier and to reduce the tax avoidance within EU. Thus, the paper proposes a theoretical analysis revealing some key policy of the proposal-directive for a Common Consolidated Corporate Tax Base (CCCTB). In this context, the purpose of the paper is to present the new tax reform proposal, the technical grounds of the new proposal, to estimate the effects of the reform, to analyze and comment the findings.

The paper is structured in 5 sections. After de Introduction, Section 2 presents the problem definition i.e. the present-day background of the new tax reform proposal in the EU. Section 3 summarizes the new phased approach for a Common Consolidated Corporate Tax Base (CCCTB) and compares it with the 2011 proposal, section 4 analyzes the pros and the cons, and the last section concludes.

2. THE CURRENT BACKGROUND OF THE NEW TAX REFORM PROPOSAL IN THE EU - THE COMPANY TAXATION IN THE EU

In the European Union, there are 28 Member States, having *28 different corporate tax codes* set out to size up the national corporate income tax bases of companies entrenched and/or doing business within EU. This means that companies doing business abroad have to deal with 28 different preparations for tax calculations and payments, 28 different types of rules and time limits for completing and filing tax returns, different tax practices, and methods, different networks of tax treaties, and different allowances systems. These 28 tax codes are immanently multifarious, complex, and in a continuous changing, as they have to grow used to the broadening mobility of taxable bases due to globalization and European integration. As a result, for companies engaged in a trans-national background, confronted with multiple and changing tax regimes, the level of complicatedness is overly large, as demonstrated in previous research (Göndör, 2011c). Some of the companies complain about high *Fiscal Compliance Costs*, especially SME's, but some of the companies, especially multinationals, take advantage of the differences amongst national tax systems, for reducing their tax liability. As a result, different national tax systems have negative consequences on EU market integration and on the business environment, remaining obstructions to be removed in order to benefit the full advantage of the EU single market.

The national fiscal systems differ quite considerably in the EU. According to the official data, taxes on labour income are the most substantial source of public revenue (around 50%), followed by consumption taxes (around 30%), and then capital taxes (around 20%) (European Commission, 2017, pp. 21). According to the same official data, there are some Member States with a higher share of public revenue lifted from consumption taxes and a lower share of taxes on labour. Taxes on capital confine from more than one-fourth of total public revenue (in Luxembourg, the United Kingdom, Italy, Malta, and Cyprus) to fewer than 10 % (Estonia) (European Commission, 2017, pp. 21). The lower shares of direct taxes are counteract by higher shares of indirect taxes (e.g. Bulgaria (53.5 %), Croatia (52.4 %) and Hungary (48.4 %)) or social contributions (e.g. Slovakia (42.9 %), Czech Republic (42.3 %) and Lithuania (40.0 %))", as stated by the European Commission data (European Commission, 2017, pp. 20). As it regards the company taxation, some Member States apply flat-rate systems, and others – progressive taxation. The legal corporate tax rate differs by more than 20 pp, at an interval of a minimum of 10 % in Bulgaria to more than 30 % in Germany, France, Belgium, and Malta. (European Commission, 2017, pp. 32) In a synthetic view, the official European data on national taxation points to a considerable discrepancy in configuration and dynamics between the European Member States. This situation raises concerns regarding the harmful fiscal competition, as it is well knowing that low CIT rates attract investments and differences amongst national tax systems can generate tax avoidance mechanisms. (European Commission, 2017, pp. 32)

Furthermore, it is important to highlight the question of "*the allocation of taxable profits of multi-jurisdictional groups between tax jurisdictions in the EU*" as stated by the European Commission. (European Commission, 2011, pp.27) As the taxes are determinants for location decisions, multi-jurisdictional groups transfer profits by transfer pricing method. As stated by Nielsen et al (2010, pp. 121), in this matter, the US and Canada use FA (the formula apportionment) and the EU is considering a substitution of SA (separate accounting) with FA. However, comparing the two systems have been subject to serious debates in Europe. Under FA, as defined by the literature in the field of accounting and taxation, *the profits and losses of the companies on the group level are allocated to each member of the group according to a specific apportionment formula* (Ortmann and Pummerer, 2015, pp. 13). Under SA, as defined by the European Commission, "all intra-group transactions have *to be priced at arm's length* (i.e., *at the going market price for a comparable transaction, as if it had taken place among unrelated parties*)." (European Commission, 2011, pp. 9)

The today separate accounting model (SA) generates concerns as follows:

- It ignores the real nature of the multinationals by considering their transactions as separate entities operations;
- It is expensive for tax authority and for taxpayers;
- It offers space for tax avoidance and tax evasion to multinationals by arranging transfer prices within the multi-jurisdictional group;
- It generates excessive complications to the running of the international businesses.

In the case of introducing the CCCTB, multinationals would have to apply a common tax code to determine their imposable income, so the profits/losses of members of the group could be consolidated on the group level and allocated to each other according to an apportionment formula (FA) based on assets, labor, and sales.

Another important issue to complete the current background of the new tax reform proposal in the EU is the problem of double international taxation, despite the fact that all the Member States are subjects of double taxation conventions. Based on the conflicting taxing rights, there is still a considerable potential for double international taxation and double non-taxation risks within EU.

3. THE CCCTB 2016 PROPOSAL - KEY FEATURES AND KEY CHANGES FROM THE 2011 PROPOSAL

3.1. KEY FEATURES

As presented in the first section, The CCCTB was designed by the European Commission in 2001 and 2011, as a single, common corporate tax cod suitable for all companies doing business within EU, in place of 2*8 different national systems.* Although the European Commission advocated that this would cut down the bureaucracy, the tax-related compliance costs, the double taxation, tax avoidance and legal ambiguity for cross-border companies, and despite the consensus on the need of simpler international regulations, the both 2001 and 2011 proposals were disagreed by many member states and the CCCTB failed.

In October 2016, the European Commission re-launches the CCCTB proposal and divides it into two separate proposals as two separate draft directives (the so-called "phased approach", or "step-by-step approach") (European Commission, 2016c).

The proposal-directive for a Common Corporate Tax Base (CCTB) represents the first phase, consisting of *a single set of rules* to quantify the taxable revenue of a company on a common base. It provides (European Commission, 2016a):

- profit calculation rules (calculating the corporate taxable profit on a common base);
- measures to prevent "base erosion and profit shifting" (BEPS), linked to the "EU Anti-Tax Avoidance Directive";
- allowance for growth and investment (AGI), *"to support the economic growth* in the EU";
- a high level of deduction for R&D (research and development) expenses, "*to support innovation in the economy*";
- a threshold (EUR 750 million) of the total revenues of a group, over which the company would be subject to CCTB rules; voluntary adoption for the companies with lower revenues;

The proposal-directive for a Common Consolidated Corporate Tax Base (CCCTB) represents the second phase and consists of *"a single set of rules to consolidate and allocate the profits and losses of the companies that are members of a group and lays down rules on how a common consolidated corporate tax base shall be allocated to the Member States and administered by the national tax authorities.*" (European Commission, 2016b, pp.17) It builds upon Council Directive on a common corporate tax, therefore, it is conditioned by the adoption of the CCTB, and "*focusses on the consolidation of tax results across the group*".

According to the official documents (European Commission, 2016a, 2016b), the aim of the CCCTB 2016 proposal is "to eradicate distortions in the functioning of the internal market", considering the aspects of "business facilitation" and "tax avoidance countering" on the same level of importance.

The first phase - the CCTB Directive proposes an EU-wide corporate tax code (European Commission, 2016a), synthetic presented below**:**

- All company incomes will be subject to taxation "*unless expressly exempted*";
- In order to avoid or restrain the double international taxation, *"proceeds from the disposal of shares for participation "of at least 10%", and dividend income* are *expressly exempted*"; For the same reason, profits of Permanent Establishments (PEs) are "*expressly exempted in the state of the head office*";
- Provides a revised definition of a PEs, in order to exclude the existent divergent definitions;
- A generally applied model for pricing adjustments of all the transactions between a taxpayer and its associated enterprise i. e. *"the 'arm's length' principle*";
- Special rule to dampen "*the profit shifting towards low-tax countries*", named the "*Interest limitation rule*", which reduces the deductibility of interest and other financial expenses; detailed rules on the deductibility of the financial expenses up to

the amount of the financial incomes "*with the excess restricted to the higher of EUR 3 million or 30% of EBITDA*[1]"; explicit rules to calculate the taxable incomes;

- Explicit rule to calculate the allowance for growth and investment (AGI) (*a rule against debt bias*), to stimulate the equity financing which permits the company equity to be deductible from the taxable profit - subject to anti-tax avoidance rules - on the percentage of the increase or decrease in taxpayer's equity;
- Rules to calculate the super deduction for research and development (R&D) costs, which will be *"entirely expensed in the year incurred*", along with "a yearly extra super-deduction of 50% for R&D costs" up to EUR 20 million, 100% for small starting companies *(to support small and innovative entrepreneurship without any associated enterprises /start-ups),* or 25% of the exceeding amount for R&D expenditure beyond EUR 20 million;
- Specific rule for losses named anti-abuse provisions;
- Rules against tax-avoidance which include the *General Anti-Abuse Rule (GAAR*) and the Controlled Foreign Company (CFC)[2] provisions from the ATAD[3], a *switch-over clause* focused on revenues obtained in a third country " *to ensure that income is taxable in the Union if it was taxed below a certain level in the third country";*
- Measures against *hybrid mismatches*[4] *arrangemen*ts[5] in the interaction between national and/or third country corporate tax systems.

According to the EC, all companies subject to the rules of the CCTB (first phase) will automatically move into the CCCTB scheme (second phase).

The second phase of the proposal – the CCCTB directive, in a synthetic view (European Commission, 2016b):

- mentains the 2011 definition of a group and the minimum requirement for establishing the group participation,
- sets out the potential forms of a group,
- introduces consolidation detailed rules within a group,

[1] EBITDA means "Earnings Before Interest, Taxes, Depreciation and Amortization" and indicates the financial performance of a company. EBITDA is used in financial analysis as a proxy for "the earning potential of a business", in order to analyze and compare profitability between companies and industries. (Read more on https://www.investopedia.com/terms/e/ebitda.asp#ixzz4ygdcoTGd)

[2] Controlled Foreign Company legislation (CFC) refers to the rule in the ATAD and has the effect of reattributing the income of a low-taxed controlled subsidiary to its parent company in an effort to discourage profit shifting. CFC rules extend to the profits of permanent establishments where those profits are not subject to tax or are tax exempt in the Member State of the taxpayer.(European Commission, 2016a, pp.11)

[3] Anti-Tax Avoidance Directive (ATAD), adopted on 20 June 2016 as part of the Anti-Tax Avoidance Package, creates a minimum level of protection against corporate tax avoidance throughout the EU, while ensuring a fairer and more stable environment for businesses. Member States should apply these measures as from 1 January 2019.

[4] According to the EC definition, *'Hybrid mismatch'* means "a situation between a taxpayer and an associated enterprise or a structured arrangement between parties in different tax jurisdictions where outcomes are attributable to differences in the legal characterisation of a financial instrument or entity, or in the treatment of a commercial presence as a permanent establishment; it only arises to the extent that the same payment deducted, expenses incurred or losses suffered in two jurisdictions exceed the amount of income that is included in both jurisdictions and which can be attributed to the same source." (European Commission, 2016a, pp.23)

[5] Arrangements exploiting differences in the tax treatment of the instruments, entities, or transfers between two or more countries (OECD, 2012, pp7)

- sets rules on the business relations between the group and other companies, "*primarily relate to the treatment of withholding taxes and credit relief for double taxation*",
- introduces *the formulary apportionment* (FA) – a principal element of the proposal - which set rules for apportioning (assigning) the consolidated tax base of the group to the suitable Member States.
- imposes a specific administrative framework at the national level, to accommodate the arrangements of cross-border groups.

As stated in the *Article 1*, the CCCTB Directive establishes "*a system for the consolidation of the tax bases of companies that are members of a group and lays down rules on how a common consolidated corporate tax base shall be allocated to the Member States and administered by the national tax authorities*" (European Commission, 2016b, pp. 17). The rules applies to the companies that are established under the laws of a Member State (including their permanent establishments) or under the laws of a third country in respect of its permanent establishments situated in one or more Member States, and are part of a "*consolidated group for financial accounting purposes*" with a total consolidated group revenue beyond the EUR 750 millions – threshold, *during the financial year preceding the relevant financial year* (CCCTB Directive, *Article 2 and 3*). The companies under the EUR 750 million – revenues threshold, may opt to apply the CCCTB rules for minimum 5 years.

The CCCTB Directive - Key features:

- cleare and comprehensive definitions for the most important elements of a tax system in order to eliminate the divergent approaches of the current national fiscal codes; definitions are provided for 'taxpayer', 'single taxpayer', 'non-taxpayer', 'resident taxpayer', 'non-resident taxpayer', 'revenues', 'expenses', 'tax year', 'profit', 'loss', 'principal taxpayer', 'consolidated group for financial accounting purposes', 'research and development', 'borrowing costs', 'exceeding borrowing costs', 'value for tax purposes', 'market value', 'fixed assets', 'financial assets', 'economic owner', 'financial undertaking', 'group', 'group member', 'apportioned share', 'parent company', 'qualifying subsidiaries';
- residency and territoriality rules,
- rules for the calculation of the revenue threshold of the group in relation to lower-tier subsidiaries,
- rules for entering and leaving the group,
- rules for business reorganizations within a group,
- rules for dealings between the group and other entities,
- rules for determining transparency in the case of third-country entities,
- administration and procedures rules for an administrative framework at national level.

As mentioned above, a very important feature of the CCCTB Directive is the regulation of the apportionment of the common consolidated corporate tax base. According to the *Article 28*, *"the consolidated tax base shall be shared between the group members in each tax year on the basis of a formula for apportionment (FA), giving equal weight to the factors of sales, labour and assets"* (European Commission, 2016b, pp. 28).

The FA (CCCTB Directive, *Article 28*):

$$shareA = \left(\frac{1}{3}\frac{sales^{A}}{sales^{group}} + \frac{1}{3}\frac{labour^{A}}{labour^{group}} + \frac{1}{3}\frac{assets^{A}}{assets^{group}}\right)CCTB, \text{ (eq1)}$$

Where,
CCTB means consolidated corporate tax base,
and

$$\frac{labour^{A}}{labour^{group}} = \frac{1}{2}\frac{payroll^{A}}{payroll^{group}} + \frac{1}{2}\frac{No\ of\ employees^{A}}{No\ of\ employees^{group}} \qquad \text{(eq2)}$$

The labour factor is calculated *giving equal weight to* the proportion of the payroll in the total amount of the payroll of the group, and the proportion of the number of employees of a group member in the total number of employees of the group (eq2).

The CCCTB Directive offers detailed rules for the calculation of the FA factors, i.e. *sales, labour, and assets.*

The proposed schedule is as follows (European Commission, 2016a, 2016b):

The European Commission intends to simultaneously submit the two proposals as part of a single leading action, but the implementation of the consolidation (the second proposal) will be prorogued after the agreement of the first proposal (on the common corporate tax base).

According to the *CCTB-Directive, Article 70*, “Member States shall adopt and publish, by 31st December 2018 at the latest, the laws, regulations and administrative provisions necessary to comply with this Directive, and they shall apply those provisions from 1st January 2019”. (European Commission, 2016a, pp. 53)

According to the *CCCTB-Directive, Article 80*, “Member States shall adopt and publish, by 31st December 2020 at the latest, the laws, regulations and administrative provisions necessary to comply with this Directive, and they shall apply those provisions from 1st January 2021”. (European Commission, 2016b, pp. 44)

Both proposals are subject to unanimity, as required by the Treaty in the case of legislation with regard to the fiscal harmonization. *It means that, in order to be adopted, the CCTB and CCCTB proposals have to be accepted by all the EU Member States.*

3.2. KEY CHANGES

- mandatory rules for large groups (above EUR 750 million - threshold) and as an option for smaller groups (related to the size of the group revenues), different from the optional system for all proposed in 2011;
- the two-step approach, i.e a directive for a Common Corporate Tax Base and another directive for a Common Corporate Consolidated Tax Base;
- additional topics covered by CCTB, i.e rules against debt bias and a super-deduction for R&D;
- the revised definition of a permanent establishment in a way that covers only the PEs “*situated within the Union and belonging to a taxpayer who is resident for tax purposes within the Union*” (European Commission, 2016a, pp. 9). The PEs situated in a third-country is no more covered by the new rules, as it is subject to bilateral tax treaties and national law;
- a new rule to dampen the profit shifting towards low-tax countries, named “Interest Limitation Rule”, connected with the tax treatment of losses;
- The common administrative rules apply to the consolidated group only. *“As a matter of principle, single taxpayers, who opt to apply the rules under the 'first*

step', continue to fall within their national administrative provisions." (European Commission, 2016b, pp. 10)

4. THE PROS AND THE CONS FOR THE NEW CCCTB INITIATIVE

Following the analysis of the new phased approach, the pros, and the cons for the new CCCTB proposal have been systemized in Table 1:

Table 1- The Pros and the Cons for the new CCCTB initiative

Pros - CCTB	**Cons - CCTB**
The reduction of the tax compliance costs for companies and the tax avoidance represents the main pros.	It remains unclear whether a unanimous agreement among the Member States is achievable or not.
A single EU-wide corporate tax code aims to reduce administrative burdens, to facilitate business and investment, to increase growth and job creation, making easier for companies to do business abroad. These objectives cannot be obtained through individual/separate Member States measures.	The EU smaller economies do not favor a common tax base, considering the fiscal competition as an instrument to attract inward investment.
The proposal represents a step ahead in harmonization process although it does not impose rules regarding the statutory CITR (corporate income tax rate), considered by most of the Member States as an attribute of fiscal sovereignty, and thus complies with the Subsidiarity Principle.	The requirement for mandatory adoption is very difficult to comply with.
The CCTB will make the EU economy "*more robust and resilient to aggressive tax planning*", and setting "a fairer and more coherent tax environment" cannot be obtained from separate national initiatives, especially because "tax avoidance practices are primarily set up in a cross-border context", as stated by EC (2016a).	Compulsory adoption of the EUR 750 million thresholds and optional adoption under the threshold generate two parallel tax systems, very difficult to be administrated by the national governments.
Mismatches generate by various definitions of the main elements of the national tax systems generating double taxation or double non-taxation, would be eliminated in relations amongst companies applying the CCTB rules.	"There is no common accounting standard for tax reporting across the EU which means the transitional adjustments on the adoption of the CCTB could be highly complicated, particularly in areas such as financial instruments, provisions, and long-term contracts", as stated by Deloitte (2016).

The optional adoption under the EUR 750 million threshold allows a maximum of flexibility for SMEs.	The two parallel tax systems generated by the threshold entails additional costs for the national fiscal administration.
Pros - CCCTB	**Cons - CCCTB**
Tax consolidation represents a major step in the fight against tax evasion, as the major aggressive tax planning occurs especially within a group; It can be obtained only applying common regulations.	"Formulary apportionment FA was rejected at the outset of the G20/OECD BEPS project, which includes 21 EU member states", which means that the adoption of FA "would leave the EU out of step with the international consensus", as stated by Deloitte (2016).
The super-deduction for R&D expenses and the allowances for growth and investment would generate the upturn of the innovation, investment, and employment across EU.	The omission of the intangible assets neglects essential issues of the modern company and market.
The separate steps approach gives more chances to the CCCTP, as it is a very ambitious project.	The proposed timetable seems to be very hard to comply with, under the condition of the unanimity required by the Treaty.

Source: Made by the author based on the European Commission Proposal for a Council Directive on a Common Corporate Tax Base (CCTB) (2016a) and the European Commission Proposal for a Council Directive on a Common Consolidated Corporate Tax Base (CCCTB) (2016b)

5. CONCLUSIONS

The CCCTB is designed as a major project to fit the modern context of a mobile, and deep-interconnected world. The proposal for a CCTB directive and a CCCTB directive represents part of a larger batch of fiscal reforms in the EU to facilitate business and create anti-tax avoidance mechanisms. The implementation of the CCCTB will stimulate business, investment, job creation and economic growth within EU. The only problem is the adoption of the proposals on the unanimity condition required by the European Community Treaty (TCE). From this perspective, the adoption of the CCCTB new proposal seems an impossible goal. The established timetable for the adoption of the CCTB (i.e. from 2019), and the CCCTB (i.e. from 2021) seems hardly possible also.

Future research will detail aspects like technical grounds of the CCTB, CCCTB and the new European tax reform. It will focus on the potential impact on SMEs, discussing the controversial issues of tax harmonization vs tax competition within EU.

REFERENCES

Commission of the European Communities, 23.10.2001 Com (2001) 582, Final Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee towards an Internal Market without Tax

Obstacles - A Strategy for Providing Companies with a Consolidated Corporate Tax Base for Their EU-Wide Activities.

Council Directive (EU) 2016/1164 of 12 July 2016 lying down rules against tax avoidance practices that directly affect the functioning of the internal market.

Council of the European Union, OJ CONS 30 ECOFIN 427 PROVISIONAL AGENDA- Legislative deliberations (CCTB), Brussels, 18 May 2017, http://data.consilium. europa.eu/doc/document/ST-9372-2017-INIT/en/pdf

Deloitte, *EU Re-launches Common Consolidated Corporate Tax Base*, October 2016, https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-alert-european-union-28-october-2016.pdf

European Commission, Proposal for a *Council Directive* on a Common Consolidated Corporate Tax Base (CCCTB) SEC(2011) 315 final, {COM(2011) 121 final} {SEC(2011) 316 final} 16.3.2011, https://ec.europa.eu/taxation_customs/sites/taxation /files/docs/body/com_sec_2011_315_impact_assesment_en.pdf

European Commission Proposal for a Council Directive on a Common Corporate Tax Base (CCTB), 25.10.2016 COM(2016) 685 final 2016/0337 (CNS), 2016a, https://ec.europa.eu/taxation_customs/sites/taxation/files/com_2016_685_en.pdf

European Commission Proposal for a Council Directive on a Common Consolidated Corporate Tax Base (CCCTB), 25.10.2016 COM (2016) 683 final 2016/0336 (CNS), 2016b, https://ec.europa.eu/taxation_customs/sites/taxation/files/com_2016_683_en.pdf.

European Commission - *Press release*, Strasbourg, 25 October 2016, 2016c, http://europa.eu/rapid/press-release_IP-16-3471_en.htm.

European Commission, *Taxation Trends in the European Union - Data for the EU Member States, Iceland and Norway*, 2017, https://ec.europa.eu/taxation_customs /sites/taxation/files/taxation_trends_report_2017.pdf.

Erdős E. - The Legal Sources and Steps of The European Tax Harmonization, Juridical Current, 2011, pp. 40-55

Göndör, Mihaela, *From total to structural harmonization in the field of European direct taxation*, The Annals of the Stefan cel Mare University Suceava, Fascicle of The Faculty of Economics and Public Administration, vol.11, nr.1(13), 2011a, pp. 269-278, ISSN 2066-575X, http://www.seap.usv.ro/annals/ojs/index.php/annals /issue/view/12.

Göndör, Mihaela, *A Common Consolidated Corporate Tax Base in Order to Improve the European SME's Business Environment*, Curentul Juridic Journal, Year IX, No. 1 (44), 2011b, pp. 151-158, ISSN 1224-9173, http://revcurentjur.ro/old/index.php?page =arhiva&lang=en&nr=2011.

Göndör Mihaela, *SME's Fiscal Compliance Costs as a Matter of Common Concern*, Recent Researches in Economics and Management Transformation, Proceedings of the 6th IASME/WSEAS International Conferences on Economy and Management Transformation (EMT '11), Angers, France, November 17-19, 2011c, ISBN: 978-1-61804-053-4, Published by WSEAS Press, www.wseas.org, pp.163-167.

Nielsen Soren, Pascalis Raimondos-Møller, Guttorm Schjelderup, 2010, *Company Taxation and Tax Spillovers: Separate Accounting versus Formula Apportionment*, *European Economic Review*, *54*(1), pp. 121-132, https://econpapers.repec.org/ article/eeeeecrev/v_3a54_3ay_3a2010_3ai_3a1_3ap_3a121-132.htm

Ortmann, Regina, Pummerer, Erich, *2015, Formula Apportionment or Separate Accounting? Tax-Induced Distortions of Multinationals' Locational Investment Decisions*, in Taxation, Accounting, and Finance – Working Papers, Center for Tax and Accounting Research, https://wiwi.uni-paderborn.de/fileadmin/cetar/TAF_Working_Paper_Series/TAF_WP_015_OrtmannPummerer2015.pdf

OECD, *Hybrid Mismatch Arrangements: Tax Policy and Compliance Issues*, 2012, http://www.oecd.org/ctp/aggressive/HYBRIDS_ENG_Final_October2012.pdf