



“The voice of SMEs in Europe”

Press Release

FOR IMMEDIATE RELEASE

UEAPME urges Member States to support Commission’s ideas on consolidated tax base and Home State taxation

Brussels, 23 July 2004 In a tax policy declaration released today, UEAPME, the European association representing crafts and SMEs employers, calls on the EU Finance Ministers to support the recently published non-papers on “Common Consolidated EU Corporate Tax Base” and “Home State Taxation for SMEs”. The two non-papers propose measures to reduce the high compliance costs that often discourage SMEs from operating cross-border.

The declaration, which was adopted by the association’s General Assembly, also urges the new Commission and the new European Parliament to continue to press for a taxation policy that would create a level playing field for SMEs with regard to larger companies. In the declaration the association proposes four priority measures:

- 1) **Make Home State Taxation a reality for SMEs.** A Home State taxation system for SMEs would allow companies operating in more than one Member State to calculate their taxable profits on the basis of the taxation system of their home country. Such a system would help reduce the compliance costs of cross-border operating SMEs drastically. UEAPME and its national affiliates strongly urge the Finance Ministers to review the position of their administrations and support at least the start of a pilot project on Home State Taxation.
- 2) **Agree on the “One-Stop-Shop” for VAT obligations.** UEAPME strongly encourages the new Commission to present a concrete proposal for a directive to implement the one stop shop for VAT obligations. This would allow companies engaged in cross border trade to fulfil all their VAT duties with one tax administration.
- 3) **Find a definitive solution for the reduced VAT rates on labour intensive services.** The experiment of reduced VAT rates has proved its efficiency in combating undeclared work and creating new jobs. UEAPME therefore asks the Finance Ministers to either include labour intensive services in Annex H of the VAT directive or allow the application of reduced rates for locally bound services.
- 4) **Progress on the harmonisation of company taxation systems.** UEAPME calls on the incoming Commission and the Finance Ministers to make progress in the creation of a common tax base. This common tax base should not interfere with fair competition on tax rates.

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