
Editorial

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It is a sign of how important taxation issues have become within the European context that a new Journal should be dedicated entirely to this one subject. Given my area of responsibility as a member of the College of Commissioners, I welcome this new publication and wish it every success. I am sure that it will become essential reading for everyone working in the field of taxation within Europe.

The objective of the EC Tax Review is to provide critical, and up to date, analyses of EC tax matters by means of articles, notes on cases brought before the European Court of Justice (as well as relevant cases brought before the Courts of Member States) and a review of legislation initiated by the Commission. To this end a group of contributors has been assembled who will be able to cover a variety of viewpoints.

This first edition is devoted to the issue of harmonization of corporate taxation, and more particularly to the Report of the Committee of Independent Experts on Company Taxation which was set up by the European Commission at my initiative. This latter report is more popularly known as the 'Ruding Report' after its Chairman, H. Onno Ruding. I invited Dr. Ruding to chair this Committee in December 1990 following the Commission Communication 'Guidelines on Company Taxation' (SEC(90)601) issued in April 1990. In that document the Commission analysed the tax problems that needed to be resolved in implementing the internal market program. The analysis identified a number of tax problems which arise from cross frontier activities of enterprises active within the European Community. Proposals for directives had already been tabled which would deal with a number of these problems (the 'parent/subsidiaries' directive, the 'mergers' directive and the arbitration convention). These were finally adopted by the Council of Ministers in June 1990; historically, that date represents the beginning of a new era in the field of tax matters in Europe. Further proposals dealing with the foreign losses of permanent establishments and subsidiaries, and the abolition of withholding taxes on interest and royalty payments within groups of companies, were then brought forward and are currently being discussed within the Council of Ministers.

However, whilst these measures deal with the immediate needs of the internal market program, there was also a need to consider the longer term. With the increasing integration of Member States' economies it seemed likely that differences between tax systems would become more apparent and have more influence on investment decisions. Accordingly, we saw the need for a fresh study, which would take account not only of current circumstances, but also of likely prospects for future integration, and would examine whether or not additional measures at Community level were necessary.

It was against this background that I invited Dr. Ruding to chair the Committee and Frans Vanistendael to be one of its members. Because the possible field of review was so wide, the Committee was given a clear mandate from which to work. They were asked primarily to determine whether existing differences in corporate taxation (and the overall burden of business taxes) among member countries led to major distortions which affect the functioning of the internal market. In the event that they found such distortions, they were asked to examine all possible remedial measures in order to determine the most appropriate action at Community level.

It is to the Committee's credit that they were able to examine this issue in depth and to reach conclusions within the very short timescale that was set. As you know, they recently presented the report to me and their findings and recommendations are now being carefully examined by the Commission.

I know that tax practitioners and others with an interest in Community tax matters are showing great interest in the Committee's findings, and I have no doubt that this publication, which is timely, will add to constructive debate on the Report.