L'évolution de l'impôt des sociétés dans les pays européens: quelles convergences ?

Samantha Haulotte
Inspectrice d'administration fiscale

Christian Valenduc
Conseiller général des Finances

Abstract

This paper examines the convergence of corporate tax rates and bases in the European Union and discusses two key policy issues in corporate taxation. It is well known that capital taxation, and especially corporate taxation, is lower in the new member States (NMS) than in the EU15. Severe cuts in the past 3-4 years have exacerbated the fear for a race to the bottom. This issue is discussed in the first section of this paper. We review recent reforms, trends in tax rates and in tax revenue. A brief survey of recent reforms in the field of corporate taxation highlights specific trends in NMS: base broadening and lowering of tax rates are more pronounced and have been partly financed by one-off opportunities. Cuts in tax rates do not seem to be synchronised between NMS and EU15, so that it might be an overstatement to consider that we should have faced a race to the bottom. Higher tax rates in the EU15 and limited response to rate cuts in NMS can be explained by new geographic economy models and also by the fact that over the past decade, inbound FDI flows to NMS and EU15 were not perfect substitutes, due to specific factors prevailing in NMS, like the privatisation process. Closer integration over time will make these FDI flows more concurrent and will also put the “rent of the centre of Europe” under pressure, so that the race to the bottom may go on in future years.

Section 2 discusses the convergence of tax bases; to assess how far we stand from a common tax base. The main conclusion is that there is still a long way to go: provisions for losses relieves, methods to prevent double taxation and the taxation of capital gains differ strongly across Member States and the trend to an increased use of the exemption system is exactly the opposite of what a consolidated tax base should require. Tax incentives are still widely used and seems to be highly ranked in the tax policy agenda of some Member States: The EU State aide rules and the implementation of the Code of conduct provide a common framework to avoid unfair competition but still leave room for a large use of non-discriminatory tax incentives.

Considering how far we are from a common consolidated tax base and the higher risk for a race to the bottom, we suggest that alternative cooperative strategies should be further explored.

JEL Classification: H20, H25, H73, H87

Keywords: Corporate income tax, European taxation, Tax competition, harmonization

1) Une première version de ce texte a été présentée au séminaire organisé par l’Institut belge de Finances Publiques le 17 février 2006 sur le thème «L’impôt des sociétés en Europe : quelles convergences ?». 