

JOINT STATEMENT

The representatives of the governments of the Member States, meeting within the Council of the EU, and

The Swiss Federal Council,

Have drawn up the following Joint Statement on company tax issues and on the way forward and declare:

1. Subject matter

The parties have engaged in a dialogue to identify solutions for company tax issues that are of mutual concern and that have the potential to distort business operations and opportunities. This Statement expresses shared principles and the shared political intention to solve these issues.

2. Shared principles

I. General principles

The parties

- Welcome the high level of market integration between the European Union and Switzerland and their well-established cooperation in various tax related areas;
- Agree on the positive effects of fair tax competition and the need to ensure competitiveness at international level, whilst noting that unfair tax competition may lead to harmful effects;
- Recognise their mutual interest in creating and maintaining a global level playing field in the company tax area.

II. Features of potentially harmful tax measures and practices

Without prejudice to existing international agreements the parties recognise the essential features constituting harmful tax competition and acknowledge that at international level these features are reflected in specific principles and criteria at the OECD and within the EU at EU level.

III. The application of anti-abuse legislation and practices

The parties concur that tax avoidance and tax evasion need to be countered appropriately.

Anti-abuse provisions or countermeasures contained in tax laws and in double tax conventions play a fundamental role in counteracting tax avoidance and evasion.

The parties agree that the application of anti-abuse rules or countermeasures needs to be justified and transparent and to correspond to generally accepted international standards.

3. Swiss company tax policy

In line with generally accepted international standards, in particular those developed by the OECD, the Swiss Federal Council launched in autumn 2012 a legislative project to further develop its company tax law which has led to the publication of reports on measures aimed at reforming company taxation.

The Swiss Federal Council intends to take measures to remove the following five tax regimes (subject to approval by the appropriate legislators where necessary):

- the cantonal administrative company status;
- the cantonal mixed company status;
- the cantonal holding company status;
- Circular Number 8 of the Federal Tax Administration on principal structures, and;
- the current practice of the Federal Tax Administration regarding finance branches.

Moreover, the Swiss Federal Council has expressed an intention that any possible replacement measures will need to be in line with generally accepted international standards as referred to in paragraph 2.II above.

The Swiss Federal Council therefore intends to adopt draft legislation and open the compulsory consultation process with the cantons, political parties and other interested groups as soon as possible.

4. Tax policy in EU Member States

The representatives of the governments of the Member States, meeting within the Council of the EU, acknowledge that in the situation where an above mentioned Swiss regime is effectively removed, then any Member States' countermeasures which are expressly targeted at such a regime should also be removed.

5. Future Discussion / Consultation

Building on the understanding noted in this declaration the parties may further discuss any items of common interest in the area of company taxation, taking into account international developments (paragraph 2.II above).

Done at Luxembourg on the fourteenth day of October in the year two thousand and fourteen.

For the Kingdom of Belgium

For the Republic of Bulgaria

For the Czech Republic

For the Kingdom of Denmark

For the Federal Republic of Germany

For the Republic of Estonia

For Ireland

For the Hellenic Republic

For the Kingdom of Spain

For the French Republic

For the Republic of Croatia

For the Italian Republic

For the Republic of Cyprus

For the Republic of Latvia

For the Republic of Lithuania

For the Grand Duchy of Luxembourg

For Hungary

For the Republic of Malta

For the Kingdom of the Netherlands

For the Republic of Austria

For the Republic of Poland

For the Portuguese Republic

For Romania

For the Republic of Slovenia

For the Slovak Republic

For the Republic of Finland

For the Kingdom of Sweden

For the United Kingdom of Great Britain and Northern Ireland

For the Swiss Federal Council