

Amendment 101/rev
Pervenche Berès, Hugues Bayet
on behalf of the S&D Group

Report
Hugues Bayet
Rules against certain tax avoidance practices
COM(2016)0026 – C8-0031/2016 – 2016/0011(CNS)

A8-0189/2016

Proposal for a directive
Recital 7 a (new)

*Text proposed by the Commission**Amendment*

(7a) Tax schemes linked to intellectual property, patents and research and development (R&D) are widely used across the Union. Several studies from the Commission have however clearly shown that the link between patent boxes and promotion of R&D is in many cases arbitrary. The OECD has developed the modified nexus approach in an effort to regulate the patent box system. This method guarantees that, under the patent box system, a favourable rate of tax is charged only on revenue directly linked to spending on research and development. However, the difficulty for Member States in applying the concepts of 'nexus' and 'economic substance' to their innovation boxes can already be seen. If, by January 2017, the Member States have still not fully implemented the modified nexus approach in a uniform manner in order to eliminate current harmful patent box regimes, the Commission should submit a new, binding legislative proposal under Article 116 of the Treaty on the Functioning of the European Union to advance to 30 June 2017 the abolition of the old harmful regimes by shortening the period during which the grandfathering rule applies. The CCCTB should eliminate the issue of profit shifting through tax planning as regards

intellectual property. The CCCTB should eliminate the issue of profit shifting through tax planning as regards intellectual property.

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