Content

Preface V
Content VII
List of Figures IX
List of Tables XI
Abbreviations XIII
Authors XV
Country Contributions XVII
Executive Summary XXI

A. Introduction 1

B. Common Corporate (Consolidated) Tax Base: Some Institutional Details 5
B.1. The CCCTB: A Shift in Paradigm 6
B.2. Advantages: Overcoming Tax Obstacles to Cross-Border Activities 8
B.3. Implementation Issues: Some Critical Comments 11

C. The Determination of Taxable Income: A Comparison of the CCCTB Proposal and Current Practice in the EU Member States, Switzerland and the United States 17
C.1. Methodology and Scope of the Survey 17
C.2. Fundamental Concepts and General Principles 18
C.2.1. Determination of the Tax Base: Starting Point 19
C.2.2. Basic Principles Underlying the Determination of the Tax Base 21
C.3. Elements of the Tax Base 23
C.3.1. Revenue 23
C.3.1.1. Timing of Revenue 24
C.3.1.2. Taxation of Unrealised Revenue 26
C.3.1.3. Capital Gains 31
C.3.2. Exempt Revenue 34
C.3.2.1. Profit Distributions 35
C.3.2.2. Capital Gains upon the Disposal of Shares 38
C.3.2.3. Income of a Foreign Permanent Establishment 41
C.3.3. Deductible Expenses 42
C.3.3.1. General Principles and Timing of Expenses 43
C.3.3.2. Stocks and Work-in-Progress 43
C.3.3.3. Bad Debt Receivables 48
C.3.3.4. Provisions 49
C.3.3.5. Pension Payments 53

C.3.4. Other Deductible Items 55
C.3.4.1. General Principles 55
C.3.4.2. Depreciation Base 56
C.3.4.3. Low-Value Assets 59
C.3.4.4. Individually Depreciable Assets 60
C.3.4.5. Asset Pool 68
C.3.4.6. Assets not Subject to Depreciation 73
C.3.4.7. Exceptional Depreciation 73
C.3.5. Non-Deductible Expenses 75
C.3.5.1. Categories of Expenses 75
C.3.5.2. Interest Expenses 79
C.4. Loss Relief 81
C.4.1. Capital Losses 81
C.4.2. Ordinary Losses 81
C.4.3. Forfeiture of Losses 83

D. Results 85
D.1. Summary of the Comparative Analyses 85
D.2. A Call for Clarity: Some Open Questions 92
D.2.1. Authoritative Interpretation and Regulations on the Application of the Regulations of the Proposed Council Directive 92
D.2.2. Achieving an Objective, Certain and Uniform Common Corporate Tax Base 97

E. Summary of Conclusion 99

Bibliography 101