

“Tax Compliance Costs for Companies in an Enlarged European Community”

National reporters will prepare a national report with respect to the attached guidelines. These national reports will be edited by the Institute of Austrian and International Tax Law and published in a book. The national reporters also have to make a short input statement on their national report referring to a specific part of their report at the conference in Rust in July 2006. The discussion will be lead by a panel of senior academics, who are experts in this specific area of taxation.

First Day: Compliance costs from a general point of view

I. The economics of compliance costs of taxation

Leading experts in tax law and economy will provide the participants of the conference with an overview of administration and compliance costs of taxation, point out important key issues, discuss recent developments, show surveys and explain the state-of-the-art.

II. Compliance cost considerations in recent tax reforms

This module is dealing with the question whether certain tax policy considerations (e.g. reducing the compliance and administrative costs burden, simplifying the taxation system etc) have influenced the design of national taxation systems.

III. Compliance rules and their enforcement

The allocation of legal duties between taxpayers and financial authorities provoking compliance and administrative costs will be discussed during this module. Besides the characterization of specific national provisions the focus will be put on whether the legislator was motivated by enforcement considerations or by the reduction of its administrative costs burden when creating these provisions.

IV. The operational burden of compliance rules

This module is dealing with the actual burden tax payers and tax administrations are facing by following compliance and administrative rules of taxation in the respective countries.

Second Day: Compliance costs from the point of view of a group of companies (associated enterprises)

I. Compliance costs under the separate accounting approach and means to reduce these costs

This module provides an introduction to transfer pricing. It is dealing with the application of the separate accounting approach and the arm's length principle for generating inter-company transactions of goods and services and their possible effect on the level of compliance burden. Furthermore, the OECD Transfer Pricing Guidelines, documentation requirements and Advanced Pricing Agreements as means to reduce compliance costs and to improve legal certainty will be discussed.

II. Introduction of a common EU tax base as a remedy to compliance costs?

This module is discussing the paper of the European Commission "*Towards an internal market without tax obstacles*" [COM(2001) 582] which is aiming at introducing a common EU tax base in the area of company taxation. Problems, chances and risks which might occur by the implementation of a common EU tax base and IAS/IFRS as a basis for the determination of income will be in the focus of attention in this module.

III. Defining a “consolidated” group under a formula apportionment system (knock-in/out criteria)

The introduction of a common EU tax base and the allocation of income as a further step require the definition of a consolidated group beforehand. Which entities of associated enterprises are allowed to be part of the group? This module takes a look at existing group taxation systems in Europe as well as at the US approach to discuss adequate definitions to confine the contours of a consolidated group.

IV. How to share the cake: Formulary Apportionment

Each specific model of a common EU tax base requires an allocation mechanism of taxable income to the member states. Some countries are already apportioning income for tax purposes. By analyzing the experience of these countries with their formula apportionment systems one can learn a lesson for the design of an allocation mechanism for a common EU tax base.