Company tax: Commission sets up Transfer Pricing Forum

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The European Commission has appointed ten private sector tax experts to participate in the EU Transfer Pricing Forum on business taxation, as well as a Chairman of the Forum. Together with experts from Member States' administrations, the business experts have the task of considering ways of reducing the high compliance costs and eliminating the double taxation that often arise in the case of cross-border inter-group transactions. These problems occur because of disagreements both between companies and tax administrations and between national tax administrations on the pricing of the transactions. The Commission made these appointments with the agreement of representatives of the Presidency of the EU's Council of Ministers and of the European employers' organisation UNICE. A first meeting of the Forum, which the Commission announced in its company tax Communication of 23 October 2001 (see IP/01/1468), is scheduled for early October 2002 and it will meet two or three times a year.

"I am pleased that the Forum on transfer pricing issues will soon commence its work," said Taxation Commissioner Frits Bolkestein. "I hope that this dialogue between tax administrations and business will improve mutual understanding and trust and lead to pragmatic solutions to the problems of double taxation and excessive red tape that can hamper cross-border inter-group activity in the Internal Market".

The Commission in its Communication on company taxation of October 2001 announced its intention to establish an 'EU Joint Forum on Transfer Pricing' to improve co-ordination between Member States and between Member States and businesses in the taxation of intra-group cross-border transactions. Double taxation can arise where two Member States do not agree on transfer prices between two associated companies. Furthermore there is a tendency for Member States to impose increasingly onerous transfer pricing documentation requirements. The Forum is due to address issues that do not require legislation, such as Advance Pricing Agreements, rationalisation of documentation requirements, and clarification of transfer pricing methodologies within the OECD guidelines on the subject.

The Forum will consist of one tax expert from each Member State's tax administration and 10 high-level experts from the business community, together with the Chairman. The business experts and Chairman were chosen by a selection board composed of representatives of the EU Council's Presidency, the European Commission and the Fiscal Affairs Committee of UNICE and have been appointed for a renewable two-year period.

The business experts were chosen from more than 60 highly qualified tax professionals active in industry, services, the business community and in other fields of activity linked with transfer pricing who responded to a call for applications. While recognising the merits of all applicants, the Selection Board decided on the individuals named below on the basis of their particular professional qualifications and suitability and of the need for a balanced composition in terms of geographical origin and size and type of business represented.