



### HEADLINES

#### **EU/ Taxation : EU survey on EU-wide corporate tax base and VAT one-stop-shop for cross border activities**

Companies operating in several EU Member States may be faced with until 25 different company tax systems. In order to improve this situation, the European Commission organised a survey, the results of which were published on 9 September. These highlight the need for a single basis of assessment for corporate tax for the EU-wide activities. The survey also addresses the question of “VAT one-stop shop system”, whereby a company could fulfil its Value-Added Tax (VAT) obligations for his European activities only in the Member State where it is established.

One of the key findings of the survey is that annual compliance cost (company taxation and VAT) represent about €202,000 for the average SME compared to €1,470,000 for a large company, corresponding to an estimated ratio of 2.6% for SMEs against 0.02% large companies. Moreover, a large majority of companies indicated having difficulties in coping with the procedure relating to the repayment and refund of VAT expenditures in other Member States.

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1091&format=HTML&aged=0&language=EN&guiLanguage=en>

#### **EU / Taxation : Results of informal ECOFIN Meeting of 10-11 September**

At the Informal Meeting of Economic and Finance Ministers on 11 September, a majority of EU Member States supported the creation of a working group on common consolidated company taxation. This working group, overseen by the European Commission, and consisting of representatives from Member States, will look at the idea of allowing companies to use a common consolidated set of rules for calculating their EU-wide taxable profits. It will however not address the question of harmonising the taxation rates as this falls within Member States’ area of sovereign competency.

According to the Commission, the main reason behind this initiative is that companies are currently facing too much red tape as a result of the lack of EU-wide set of rules for calculating their liabilities.

Taxation currently belongs to the most sensitive European issues. However, even if the new Constitution is ratified, tax policies will continue to require unanimous agreement among EU government (except if it is related to fraud).

The discussion were based on two Commission’s non-papers available at:

[http://europa.eu.int/comm/taxation\\_customs/taxation/company\\_tax/developments.htm](http://europa.eu.int/comm/taxation_customs/taxation/company_tax/developments.htm)

For more information, see:

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/04/214&format=HTML&aged=0&language=EN&guiLanguage=en>

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### EU / Social Affairs : Lively debate on Working Time Directive

The European Commission is currently working on an extensive review of the Working Time Directive (WTD), which sets rules for a maximum working week of 48 hours for employees across Europe. The most controversial issue about this revision concerns the restrictions that the Commission intends to impose on the “opt-out” clause, which allows workers to work more than 48 hours. The UK is one of the EU countries taking most advantage of this option. The review will also cover the definition of “reference periods”, on the basis of which the weekly working time is calculated, as well as the definition of the inactive part of on-call time.

According to the new proposal to be discussed next week by EU commissioners, the opt-out would continue for five years, but the new rules would make its use much more complicated. Employers would have to keep records of the hours worked by anyone who has agreed to waive the 48-hour rules. Also, agreements with individual workers on extra hours would be limited to one year, and would be banned during probationary periods. Moreover, unions or representatives bodies could veto opting out of the 48-hour week, regardless of individual workers’ choice.

Whereas the Commission feels that the WTD may give inadequate protection to staff, businesses, especially SMEs, maintain that removing the opt-out could lead to thousands of job cuts and deprive employers from one of the key tools in running their business, which is flexibility. Indeed, small businesses are far more dependent on flexible employment than big firms. The new proposal would thus damage both labour market flexibility and individual freedom.

The UK government has sent a letter to European Commission President Romano Prodi, stressing the importance to the UK of retaining the opt-out.

Background information on the revision of the Working Time Directive:

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1&format=HTML&aged=0&language=EN&guiLanguage=en>

### IN BRIEF

### EU / Social Dialogue : New Communication on Social Dialogue

On 12 August 2004 the European Commission adopted the Communication “Partnership for change in an enlarged Europe”. The document aims at clarifying how Social Dialogue works at European level. It underlines the key role social partners have to play to address the challenges of economic growth and competitiveness and meet the Lisbon agenda objectives.

The Communication calls on social partners to concentrate on three main issues identified in the November 2003 report of the Employment Taskforce, which are improving adaptability; investing in human capital and job quality; and, attracting more people to the labour market. The text also calls for a better involvement of national social partners and better cross-industry and sectoral co-operation at European, national and company level.

For more information, see:

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/04/211&format=HTML&aged=0&language=EN&guiLanguage=en>

### EU / Employment : Labour force survey 2003

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According to a report published by Eurostat on 10 September, the employment rate for people aged 15-64 was 63% in 2003. However the situation varies a lot among EU countries, with employment rates ranging from 51.2% in Poland to 75.1% in Denmark. The Eurostat report is based on the results of the 2003 Labour Force survey.

Consult the Eurostat report:

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=STAT/04/110&format=HTML&aged=0&language=EN&guiLanguage=en>

### **EU / Employment : New report on ageing and work in Europe**

A new report published by the European Foundation for the Improvement of Living and Working Conditions analyses the future challenges of declining workforce combined with a growing strain on social welfare systems as more people enjoy increased life expectancy. It looks at the measures taken by seven countries to target the objectives of raising employment rates of older people, setting up more flexible working hours, and developing access to lifelong learning.

For more information, please see:

<http://www.eurofound.eu.int/ewco/reports/FRO407TR01/FRO407TR01.htm>

### **EU/ E-business: Communication on B2B Markets**

In spite of B2B markets becoming increasingly popular, SMEs are still reluctant to engage in electronic Business to Business. The recently adopted Communication "Enhancing Trust and Confidence in Business-to-Business Electronic Market" aims at encouraging SMEs to go for B2B solutions. It looks at how to overcome current concerns over B2B, improve SMEs understanding of the legal framework, and address potential barriers to internal market for e-business. The Communication also aims to facilitate the implementation of codes of conduct in the fields of electronic B2B.

For more information, see: <http://europa.eu.int/comm/enterprise/ict/policy/b2b/index.htm>

### **EU / Entrepreneurship : New web portal of female entrepreneurship to be launched**

The Commission will set up a portal on EUROPA which will specifically devoted to the promotion of women's entrepreneurship. The website will present links to the sites of women entrepreneurs' representative organisations, networks, projects and events that relate to the promotion of female entrepreneurship.

Should you wish to include your organisation, network, project or information about an event in this portal, please contact the European Commission at the following address (with the reference "For the Women Entrepreneurs' Portal"): [entr-portal-women-entrepreneurs@cec.eu.int](mailto:entr-portal-women-entrepreneurs@cec.eu.int)

For more information about the project "Promoting Entrepreneurship amongst Women": <http://europa.eu.int/comm/enterprise/entrepreneurship/craft/craft-women/bestproject-women.htm>

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### CONSULTATIONS

**DG Enterprise      Consultation Procedures      Closing Date: 30 September 2004**

The European Commission Enterprise Directorate General has launched a survey on the consultation procedures between national/regional governments and the business community when new laws and policies are proposed. The aim of the survey is to identify the most effective consultation procedures and to use the feedback to improve future conduct.

<http://europa.eu.int/comm/enterprise/entrepreneurship/consultation/index.htm>

**DG Employment      European Works Council Directive      Closing Date: Not Announced**

The European Commission is consulting workers' and employers' representatives on how European Works Councils can best respond to the challenges of a changing economic and social environment.

[http://www.europa.eu.int/comm/employment\\_social/news/2004/apr/ewc\\_consultation\\_en.pdf](http://www.europa.eu.int/comm/employment_social/news/2004/apr/ewc_consultation_en.pdf)

**DG Internal Market      Electronic Public Procurements      Closing Date: 15 October 2004**

Further to the adoption of legislative package on Public Procurement in February 2004, the European Commission has launched a consultation aimed at identifying opportunities and challenges in electronic public procurement. The Commission is currently preparing an Action Plan that would help Member States to remove obstacles to electronic public procurement, and therefore needs inputs from businesses.

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1095&format=HTML&aged=0&language=EN&guiLanguage=en>

**DG Research      Future of EU research Policy      Closing date: 15 October 2004**

Further to the publication of proposals to guide future European policy to support research, ("Science and Technology: the key to the future of Europe - guidelines for future European Union policy to support research) on 16 June 2004, the consultation on these proposals will be used to shape the next Community Framework Programme for Research and Technological Development, which will follow the 6th Framework Programme (2002 – 2006).

[http://europa.eu.int/comm/research/future/index\\_en.html](http://europa.eu.int/comm/research/future/index_en.html)

**DG Internal Market      Copyright and Related Rights      Closing Date 31 October 2004**

The review is aimed at updating the legislative framework in the field of copyright and related rights, increasing its consistency and also simplifying the provisions. In addition, there is a need to analyse whether this framework still contains shortcomings which have a negative impact on the functioning of the Internal Market. In this case, additional harmonisation measures may have to be envisaged.

In the framework of the review, the Commission is now launching a consultation of all interested parties on the basis of a working paper. The consultation aims at completing the legal analysis and allowing further assessment of the impact of possible changes.

[http://www.europa.eu.int/comm/internal\\_market/copyright/docs/review/sec-2004-995\\_en.pdf](http://www.europa.eu.int/comm/internal_market/copyright/docs/review/sec-2004-995_en.pdf)

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## COMING UP

### EU institutions : Important Dates

September 13-16	Plenary session of European Parliament
September 24-25	Competitiveness Council: Single Market, Industry & research
27 September	Services Directive Proposal to be discussed in Internal Market Committee
Sept. 27- Oct. 8	Investiture Procedure of the 2004-2009 Commission - Hearings of the Commissioners Designate
October 4	Employment, Social Policy, Health & Consumers Council
October 14	Environment Council

### Other Events

September 16	High-level workshop on ICT policy (Brussels): Presentation of good national and regional policies to boost the ICT sector. More info & registration : ( <a href="http://europa.eu.int/comm/enterprise/ict/policy/ict-policies/wshop/index.htm">http://europa.eu.int/comm/enterprise/ict/policy/ict-policies/wshop/index.htm</a> )
September 21-23	Microcredit European Conference, Brussels (Enterprise DG in partnership with EMN, MFC and NEFI). ( <a href="http://www.europa.eu.int/comm/enterprise/events/microcredit/index.htm">http://www.europa.eu.int/comm/enterprise/events/microcredit/index.htm</a> )
September 26-29	31 <sup>st</sup> International Small Business Conference, Warsaw ( <a href="http://www.isbsc2004.pl">www.isbsc2004.pl</a> )
September 28	Promoting SMEs in the EU of 25 – Exploiting the opportunities of enlargement” , Brussels. Joint conference organised by the Wirtschaftsbeirat Bayern, SME Union and Hanns-Seidel-Stiftung ( <a href="http://www.sme-union.org">www.sme-union.org</a> )
Sept. 30 to Oct.3	“Presidents meeting” organised by JADE, the European Confederation of Junior Enterprises – ( <a href="http://www.jadenet.org/index.php?a=0&amp;b=0&amp;c=0">http://www.jadenet.org/index.php?a=0&amp;b=0&amp;c=0</a> )
October 1	Top Class business services : a key to success for small enterprises in Europe” – Brussels - More info & registration: ( <a href="http://www.english.fccgea.fr/conference_bss/home.htm">http://www.english.fccgea.fr/conference_bss/home.htm</a> )

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