Dear Executive Vice-President,

Following the publication of the European Commission’s proposal for a Debt-Equity Bias Reduction Allowance (DEBRA) on 11 May, I would like to share with you BusinessEurope’s position paper on this file.

In this paper, we set out the following key-points in detail:

- We welcome the European Commission’s efforts to support equity financing on a more equal footing compared to debt financing, with the aim of increasing investment and improving the resilience of the EU economy.

- European competitiveness should remain a priority in the implementation of this directive. As such, any proposals to make equity financed investments more attractive should not come at the expense of debt-financed investments and European businesses should continue to have access to diversified source of financing.

- Whilst we support the European Commission’s initiative to stimulate European companies’ investment and growth in these challenging times, a stricter interest deductibility regime would risk placing European companies at a competitive disadvantage when compared to the full deductibility of interest payments in other parts of the world. We therefore suggest a more generous allowance on corporate equity with no change to interest deductibility to truly support business investment.

We remain at your disposal should you wish to discuss these points further.

Yours sincerely,