



**EUROPEAN COMMISSION**  
 DIRECTORATE-GENERAL  
 TAXATION AND CUSTOMS UNION  
 Direct taxation, Tax Coordination, Economic Analysis and Evaluation  
**Company Taxation Initiatives**

Brussels, 25 January 2017  
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## **Meeting Report Code of Conduct Group**

**25 January 2017**

### **I. EXECUTIVE SUMMARY**

- **1. Appointment of Chair** - After brief remarks from both the [ ] and [ ] candidates, an election was held and the [ ] candidate, [ ] was elected as the new Code Chair.
- **2. Appointment of Vice-Chairs** - the EE delegate was appointed as the new second Vice-Chair of the Code of Conduct Group.
- **3. Work Programme during the MT Presidency** - Agreed without discussion.
- **4. Rollback and Standstill returns including administrative practices for the year ending 31 December 2016** - All MS provided a response and 6 MS had specific measures under standstill. COM summarised these measures and undertook to seek more information from the relevant MS bilaterally.
- **5. Standstill:**
  - a. Croatia: The Group agreed that COM should proceed to a formal assessment of the Croatian measure.
  - b. Aruba: This matter was postponed until the next meeting in order to seek further information from Aruba.
- **6. Rollback: Patent Boxes:** Further information to be provided by Italy on the rollback of their patent box.
- **7. Standstill: Patent Boxes:** Following a general discussion [ ], they were all adjourned to the next meeting for the new Chair to deal with. It was suggested that MS could write to the Commission and outline their views [ ].
- **8. External Strategy of the EU:** This matter was discussed as the first item and then again, after some redrafting, in the afternoon. [ ].
- **9. AOB: None**

## **II. REPORT**

### **1. Appointment of Chair:**

- The appointment of a new Code Chair was dealt with at the beginning of the meeting. The representative of the General Secretariat of the Council, [REDACTED] outlined the election procedure to the Group.
- Both candidates ([REDACTED] and [REDACTED] made brief remarks, and this was followed by the distribution of ballots. The results were then announced: [REDACTED] was elected and begins [REDACTED] term in February.

### **2. Appointment of Vice-Chairs**

- This agenda item was taken in the afternoon.
- The EE delegate was appointed as the new second Vice-Chair of the Code of Conduct Group.
- The first Vice-Chair remains Malta.

### **3. Work Programme during the MT Presidency**

- The Work Programme for the Group for the six months of the MT Presidency was introduced to the Group.
- The Group agreed the Work Programme without discussion.

### **4. Rollback and Standstill returns including administrative practices for the year ending 31 December 2016**

- This agenda item was taken first in the afternoon. COM was invited by the Chair to update the Group on MS annual returns.
- The Commission pointed out that there was now an automatic obligation on MS to notify the Group, at the end of each calendar year. All MS had notified prior to the meeting.
- Six MS notified the Group of specific measures that might fall under the Code. One of these notifications, ES, related to Patent Boxes and was therefore dealt with under that specific agenda point.
- In relation to the other five MS:
- HR notified a number of measures, COM's conclusion was that a closer look was required for these and therefore we would return to this point at the next meeting.

- In relation to LT and LV similarly more information is needed from the MS and therefore COM will follow up bilaterally.
- As regards LU, who have issued a revised circular on Transfer Pricing, in principle this appears fine however COM will discuss with its own TP experts and return to this point.
- Finally PL notified a measure relating to shipbuilding. COM undertook to look at how shipbuilding was dealt with in the past and also return to this point.

#### **5. Standstill: a. Croatia:**

- The COM began with a discussion of the agreed description of the HR regime under consideration, an outline of COM's concerns and how it may be potentially harmful.
- HR intervened to clarify certain points.
- Chair concluded the point by asking COM to draft an assessment, with the Group's agreement.

#### **5. Standstill: b. Aruba:**

- COM is in the process of establishing the facts in relation to the Aruba measure under consideration.
- At COM request the Chair adjourned this point in order to get further information from the Aruban authorities.

#### **6. Rollback: Patent Boxes**

- All MS have responded to the COM request for information about the rollback of the old, non-nexus compliant patent boxes.
- COM presented an overview table of MS compliance with their rollback obligations
- The table circulated for this meeting is similar to the one presented in November, with some changes brought following communications from Spain [REDACTED]
- In addition [REDACTED] is now added to the table as their regime is now regarded as an "old" IP regime.
- COM concluded that the picture of the rollback of pre-existing IP boxes is overall quite positive, with some exceptions.
- [REDACTED] provided a short update to the Group on their efforts to comply with their rollback obligations, indicating that they are still considering this issue internally. They also explained that [REDACTED].

## 7. Standstill: Patent Boxes.

- Chair began by asking COM for an overview. COM opened the discussion by explaining that there were 11 regimes under review: [REDACTED].
- The COM also spoke about the horizontal issues that arose over the course of carrying out the assessments, [REDACTED].
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- The Chair wrapped up discussions by suggesting that these issues should be left for the new Chair to deal with, and invited written comments. Chair also confirmed FR question that all matters remain on the table for discussion, including criterion 5.

## 8. External Strategy of the EU

- This item was taken at the beginning of the meeting. The Chair invited the MT Presidency to discuss its four room documents.
- The MT PRES took each document in turn, and MS contributed a number of comments and drafting suggestions.
- The Group returned to this in the afternoon when redrafts were presented. [REDACTED].
- MT noted the comments of MS and [REDACTED].

## 9. Any other Business: None

**ENDS.**

<b>Circulation:</b> [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED], TAXUD DI
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