COUNCIL OF
THE EUROPEAN UNION

Brussels, 27 November 2007

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NOTE

from:	Chair of the Code of Conduct Group
to:	COREPER/COUNCIL
Subject:	Code of Conduct Group (Business Taxation) = Draft Council Conclusions

With regard to the Code of Conduct,

the Council reaffirmed the commitment of the Member States to tackling harmful tax competition through the Code, as expressed in the Council conclusions of 1 December 1997. The Council also recalled that Member States should be treated equally under the Code and confirmed that the assessment of measures should be fair and transparent, in accordance with the Code and its rules of procedure (as laid out in the Council conclusions of 9 March 1998).

Turning to the progress of work of the Code of Conduct Group, the Council

- welcomed the progress on standstill achieved by the Code of Conduct Group (Business Taxation) during the Portuguese Presidency as set out in its report (doc. 15545/07 FISC 157);
- asked the Group to continue monitoring standstill and the implementation of rollback, and report to the Council before the end of the Slovenian Presidency;
- confirmed its approval of the Work Package set out in annex II to its report (doc. 15545/07 FISC 157) and invited the Group to report back on progress on the areas of work covered in the annex at the end of the Slovenian and French Presidencies; and

- recognised the consensus that had already emerged among Code Group members on items 1 and 2 of the Work Package, as reflected in annex I to the Group's report (doc. 15545/07 FISC 157). In particular, the Council welcomed the Group's proposals for:
  - a more structured approach to precedence and comparability, based on the criteria in paragraph B of the Code, and taking into account all appropriate and relevant objective economic factors to avoid discrimination against smaller or more open economies. It was further recognised that in very limited circumstances it might be appropriate to reopen an assessment made by the Code Group, but that this could only be done with the unanimous consent of the Council;
  - an approach to decision making based on the Council conclusions of 9 March 1998, which reinforces the peer review methodology of the Code, and which also provides for resolution of disagreements at political level where necessary; and
  - a clearer order of priority between State Aids proceedings and assessments under the Code.