

Corporate taxation: Parliament pushes for a compulsory ...

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The EU parliament has been busy on tax this week. Following [Wednesday's debate on tax evasion](#) yesterday they debated the Common Consolidated Corporate Tax Base. The following is the official report:

The use of a common consolidated corporate tax base should be made compulsory, said Parliament in a vote on Thursday outlining its position on legislation proposed by the Commission. The Commission had proposed a voluntary scheme.

"This harmonised system for calculating the tax base makes it possible for companies to consolidate the results of their individual branches, which allows them to compensate for any losses a group member might have. This makes it easier for companies to have and keep branches in different Member States and it reduces red tape. In addition, the system ensures that economic and social aspects are more important than purely fiscal reasons when companies choose their locations", said the lead MEP on the matter Marianne Thyssen (EPP, BE).

A mandatory system

The common consolidated corporate tax base (CCCTB) should become mandatory after a transition period, says the resolution, which was approved with 452 votes in favour, 172 against and 36 abstentions.

Initially, the CCCTB would only apply to European cooperative societies, which are by nature cross-border. After five years, it would apply to all companies except small and medium-sized enterprises (SMEs) which could opt in if they so wish. For SMEs, the Commission should work to reduce administrative burdens so as to enable those with cross-border activities to benefit from adhering to the CCCTB system.

Start with those in favour

Parliament's position also proposes that if not all Member States wish to take part in the scheme, then those that do could introduce it via the EU's enhanced cooperation

procedure.

Minimum tax harmonisation?

The CCCTB system would give companies a single set of rules for calculating their taxable profits, rather than having to comply with differing accounting rules in each Member State in which they work.

As a set of rules for computing taxable income, CCCTB does not impose any common tax rates.

I welcome this move: the CCCTB if mandatory would be a welcome step to challenging tax abuse by multinational corporations whilst offering those that are tax compliant savings in admin costs. Country-by-country reporting would assist its operation, considerably.