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**FORTUM'S COMMENTS CONCERNING COMMON CONSOLIDATED TAX BASE (CCTB/CCCTB)**

The EU Commission has launched, in the context of the Corporate tax package, a two-stage proposal on the Common Consolidated Tax Base (CCTB), which aims to eliminate aggressive tax planning and create a sustainable investment environment for business in the EU.

In Fortum's view:

- The CCTB brings added value to companies like Fortum only if it increases the neutrality of national tax authorities over purely national interests. The risk for double taxation increases when national interests primarily guide tax authorities and their decisions.
- The possible consolidation of tax basis between member states (CCCTB), including the allocation keys, will impact tax revenues received by some countries. In such cases, there is a risk that the lost revenue is compensated with other taxes, which are not related to profits made.
- Both CCTB and CCCTB will affect the attractiveness of different countries as a location for investment. We expect the small countries to suffer most. For example, Finland and Sweden are export-dependent countries with capital-intensive industry. If the current depreciation advantage (which is, in fact, the only tax benefit for capital-intensive industry) disappears following consolidation, these countries are at risk of lost employment opportunities.
- Before moving forward with these proposals, proper impact assessments have to be made in order to understand the impact on different countries and, more broadly, on the EU internal market. The conclusions cannot be based purely on tax impacts; it is important to understand also the underlying circumstances as a whole.
- If CCTB/CCCTB were implemented, the overlapping country-by-country reporting obligations should be cancelled in the EU. Tax revenues in EU countries depend both on business circumstances and allocation keys.
- Better taxpayer protection against arbitrary actions by tax authorities is also worthy of consideration. As the OECD's project on base erosion and profit shifting (BEPS) is being implemented, this consideration should be done at the same time as the BEPS action plans. The actions should be thoroughly analysed and scaled to a highly functional internal market.