



Brussels, 18 February 2015
(OR. en)

5967/15

FISC 14
ECOFIN 76

"I/A" ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. Cion doc.:	10514/14 FISC 94 + ADD 1
Subject:	Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on the work of the EU Joint Transfer Pricing Forum in the period July 2012 to January 2014 1. Report on Secondary Adjustments 2. Report on Transfer Pricing Risk Management 3. Report on Compensating Adjustments - Draft Council conclusions

1. On 4 June 2014 the Commission transmitted to the Council the abovementioned Communication on the work of the EU Joint Transfer Pricing Forum (JTPF) in the period July 2012 to January 2014. It includes as annexes three reports, which the Commission invited the Council to endorse.
2. The Presidency has drawn up draft Council conclusions on the Commission Communication, which were agreed at the meeting of the Working Party on Tax Questions - Direct Taxation on 21 January 2015.

3. The Permanent Representatives Committee could therefore suggest that the Council adopt the draft Council Conclusions, as set out in the annex and finalised by the legal/linguistic experts, as an "A" item on the agenda of the ECOFIN Council meeting on 10 March 2015.
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Commission Communication on the EU Joint Transfer Pricing Forum

Draft Council conclusions

The Council:

- welcomes the Communication from the Commission of 4 June 2014 on the work of the EU Joint Transfer Pricing Forum expert group (JTPF) in the period July 2012 to January 2014 and related proposals: 1. Report on Secondary Adjustments, 2. Report on Transfer Pricing Risk Management and 3. Report on Compensating Adjustments (doc. 10514/14 FISC 94 + ADD 1);
- recognises that multi-national enterprises and tax administrations are confronted with practical problems in pricing cross-border transactions between associated enterprises for tax purposes and that the three reports contain in this respect useful practical guidance on the treatment of transfer pricing transactions;
- endorses the three Reports and invites Member States to implement as soon as possible the recommendations they include;
- recognises that given the high workload on the Mutual Agreement Procedures (MAPs) under the Arbitration Convention, the implementation of Alternative Dispute Resolution (ADR) mechanisms may be usefully considered by the JTPF;

- continues to regard the JTPF as a valuable resource in addressing transfer pricing issues and proposing pragmatic solutions to a variety of such issues, notably in the context of enhanced political attention at both EU and global level on base erosion and profit shifting (BEPS) issues and notes that the extension of the mandate of the JTPF will allow it to continue its work beyond March 2015;
 - underlines at the same time recent developments in the international context and at the level of the EU aimed at improving international tax rules and trusts that the JTPF will look at ways to contribute to these efforts.
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