

European Communities

EUROPEAN PARLIAMENT

Working Documents

1983-1984

October 1983

DOCUMENT 1-967/83

MOTION FOR A RESOLUTION

tabled by Mr WELSH, Mr GAUTIER, Mrs GREDAL, Mr LANGE, Mr MOREAU,
Mr BLUMENFELD, Mrs MOREAU, Sir Fred CATHERWOOD, Mr PROVAN,
Mr SPENCER, Mr TYRRELL, Mr DELOROZOY and Mrs VEIL

for entry in the Register
pursuant to Rule 49 of the Rules of Procedure

on taxation of companies by American States

PE 87.372

THE EUROPEAN PARLIAMENT

- A. Noting that a number of American States have adopted a world wide system of taxing companies on an imputed percentage of their profits known as Unitary Tax, effectively taking profits earned outside the USA,
- B. Aware that the US Supreme Court has accepted the legality of such a system for domestic US corporations,
- C. Concerned that this decision may be taken to extend to American companies with subsidiaries in Europe and the American subsidiaries of Community based companies,
 - 1. Considers that the principle of Unitary Tax is contrary to the spirit of the various double taxation treaties and discriminates unfairly against European based companies with operations in the United States.
 - 2. Regrets that the United States Administration did not file an Amicus Curiae Brief in the Supreme Court case of Container Corporation of the US vs. California Trustees which would have enabled the position of overseas Companies to be clarified.
 - 3. Urges the Administration to give full hearted support to legislation before the Congress which would exempt overseas Companies from this discriminatory form of tax.
 - 4. Urges the Commission to instruct its Delegation in Washington to continue to press this matter which can only damage relations between the Community and the United States to the detriment of their mutual economic and political interests.
 - 5. Believes that failure by the Administration and Congress to act in this way would justify the suspension of the double taxation treaties by the Member States.
 - 6. Instructs its President to forward this resolution to the President of the Commission, the Head of the US Mission to the European Communities and the Chairman of the Delegation of the US Congress to the European Parliament.