

**Further comments
Of the Association of German Banks**

**Follow up
the meeting of the Common Consolidated Corporate Tax Base (CCCTB) Working
Group to be held on 10, 11 December 2007**

The Association of German Banks Fiscal Committee is in favour of the following aspects - summarising and supplementing the key points supported by the European Banking Federation and the Association of German Banks:

- The CCCTB should be optional.
- The financial services industry should be closely involved in all aspects of the CCCTB from the outset.
- Where necessary, specific rules differing from those for other industries should be established for banks and insurance companies. These rules should take adequate account of the unique nature of the business undertaken by financial services providers and the associated business risks. This applies especially to the question of
 - o whether and, if so, to what extent IAS/IFRS should form the basis of taxing financial assets in a bank's trading book since fair value measurement of trading book positions produces accurate results if a value-at-risk reduction is applied;
 - o whether and, if so, to what extent the CCCTB should take account of credit risk since this should lead to at least some convergence of tax accounts and risk management on the basis of IAS/IFRS and Basel II;
 - o whether and, if so, to what extent rules on combating abuse in the context of intra-group funding, shareholder loans or other business between related companies would not be applied to banks;
 - o whether a special apportionment key is needed for the financial services industry; a relatively straightforward method of calculating the apportionment formula for banks would be on the basis of total assets, number of staff and gross earnings as reported in the profit and loss account; it would be important to ensure that the apportionment formula did not give rise to problems with respect to IAS/IFRS accounting for deferred taxes.