

Proposal for a Council Directive on Business in Europe: Framework for Income Taxation (BEFIT)

EAIC Feedback to [European Commission Public Consultation](#)

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The European Association of Innovation Consultants (EAIC), comprising a diverse group of professionals at the forefront of fostering innovation, strongly advocates for the **inclusion of tax incentives for Research and Development (R&D) within the BEFIT - [Business in Europe: Framework for Income Taxation](#)**. EAIC Members are uniquely positioned to offer invaluable insights and expertise on how tax incentives can effectively catalyse R&D activities.

EAIC welcomes the opportunity to provide comments on the Proposal for a Council Directive on Business in Europe: Framework for Income Taxation (BEFIT) (COM(2023)532 final). EAIC recognises the relevance to introduce a common corporate tax system within the EU and the opportunity that arises with the BEFIT framework. It is time to position innovation within the new framework for taxation at the European level.

To do so, EAIC calls on the European Union decision makers to build on the formerly proposed CCCTB (Common Consolidated Corporate Tax Base) to ensure that the European Union takes a leap in innovation. Due to the magnitude of the challenges Europe faces, and the geopolitical keys at play, the European Union must take advantage of this opportunity.

The BEFIT is designed to create a more stable and predictable business environment in the EU. Through reducing fiscal uncertainty, companies can plan long-term investment decisions and their R&D activities with more confidence.

Therefore, it is important that the BEFIT proposal includes incentives for R&D, recovering part of the proposal for the CCCTB. This inclusion would allow BEFIT to offer an opportunity to improve the investment environment in Europe.

EAIC recommends to:

1. Introduce in BEFIT the same tax incentive scheme for investment in innovation incorporated in the CCCTB proposal – i.e an optional tax deduction which allows companies to deduct up to 50% of their R&D expenses incurred in the EU from their tax base.
2. Introduce in BEFIT specific incentives for investment in start-ups, as included in the CCCTB proposal, such as an additional incentive to deduct all their R&D costs (100%).
3. Invite EU Member States to promote and facilitate legal certainty in the application of fiscal incentive schemes for innovation, as well as stable and predictable budgets.
4. Establish the exclusion of tax benefits for R&D from the calculation of the prior taxable base on which the effective minimum tax rate is calculated, regarding the so called [Pillar Two EU Directive](#) (2022/2523) on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union.

With a deep understanding of the challenges and opportunities in the innovation landscape, EAIC stands as a relevant partner, ready to collaborate with policymakers to shape a tax framework that encourages and rewards investment in R&D.