



Fight Against Tax Avoidance in the EU

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Action Plan for Fair and Efficient Corporate Taxation in the EU)

5 Key Areas for Action

1. CCCTB: a Holistic Approach to Profit Shifting
2. Ensuring Effective Taxation where Profits are Generated
3. Better Tax Environment for Business
4. Further Progress on Tax Transparency
5. EU Tools for Coordination

Anti-Tax Avoidance Package (ATAP)

Chapeau Communication

**Anti-Tax Avoidance
Directive**

**Recommendation
on Tax Treaties**

**Revised
Administrative
Cooperation
Directive (DAC 4)**

**Communication on
External Strategy**

**Staff Working Document
Aggressive Tax Planning Study**

ATAP: Legislative

ANTI TAX AVOIDANCE DIRECTIVE

CFC rule:	To deter profit shifting to low/no tax countries
Interest Limitation:	To discourage artificial debt arrangements
Hybrids:	To stop mismatches being used to avoid taxation
Switchover:	To prevent double non-taxation of certain income
Exit Taxation:	To prevent re-location of assets purely to avoid taxation
GAAR:	To counter-act aggressive tax planning in general

REVISION OF ADMINISTRATIVE COOPERATION DIRECTIVE

CbCR:	To install country-by-country reporting between tax authorities
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ATAP: Non-Legislative

RECOMMENDATION ON AMENDING TAX TREATIES

- Ensure implementation of new permanent establishment definition
- Advice on how to revise tax treaties against abuse
- Focus on how to do it in an EU law compliant way

EXTERNAL STRATEGY

- Stronger EU approach to promoting tax good governance globally
- New areas of partnership with third countries on tax matters
- Action against external threats - Common EU list

BEPS

EU

**Action 1:
Digital Economy**

Should be addressed
by other actions
Monitor
implementation

**Action 2:
Hybrid
Arrangements**

**Anti
Tax
Avoidance
Directive**

**Action 3:
CFC Rules**

**Anti
Tax
Avoidance
Directive**

**Action 4:
Interest Limitation**

**Anti
Tax
Avoidance
Directive**

**Action 5:
Harmful Tax
Practices**

**Tax rulings
Directive**
**Patent Box
rules in Code
Group**

**Action 6:
Treaty Abuse**

**Recommendation
on Tax Treaties**

**Action 7:
Permanent
Establishment**

**Recommendation
on Tax Treaties**

**Actions 8 -10:
Transfer Pricing**

Work in
Joint Transfer
Pricing Forum
(JTPF)

EU ACTIONS ON #BEPS

Action 11: Data

EU study
underway
on the impact of
aggressive tax
planning

**Action 12:
Disclosure of
ATP schemes**

Under
consideration in
the Code Group

**Action 13:
Country-by-Country
Reporting**

**Revision of
Admin Cooperation
Directive**

**Action 14:
Dispute Resolution**

**Dispute Resolution
Proposal planned
for 2016**

**Action 15:
Multilateral
Instrument
on Tax Treaties**

**Recommendation
on Tax Treaties**

Direct Tax Initiatives (next steps)

- Common Consolidated Corporate Tax Base – CCCTB
- Amending proposal for the Anti-Tax Avoidance Directive – ATAD 2 (hybrid mismatches)
- Double Taxation Dispute Resolution
- Common EU List
- Transparency

CCCTB

- *The re-launch of CCCTB initiative has a two-fold objective: business facilitation and anti-avoidance*
- *Two proposals (Common Base and CCCTB) simultaneously*
- *Staged approach: work on consolidation postponed until political agreement on common base is secured*

ATAD 2

- *Rules in ATAD limited to intra-EU situations*
- *ECOFIN asked for rules on hybrid mismatches in relation to 3rd countries – consistent with and as effective as those recommended by the OECD*
- *ATAD 2 will amend ATAD and provide for a comprehensive proposal to tackle hybrid mismatches*

Double Taxation Dispute Resolution

- Dispute resolution is a key element of a fair tax system
- Recognised by OECD (BEPS 14), UN (Subcommittee on dispute resolution), business, academia and EU Parliament (e.g. Dodds Niedermeyer report)
- Public consultations confirmed that appropriate measures have to be in place that ensure effective resolution of double taxation
- Proposal to improve existing mechanisms in the EU together with CCCTB

Common EU list – Next steps

Commission presented Scoreboard to the Code of Conduct Group on 14 September 2016

=> ECOFIN to agree before end 2016 on:

- relevant countries on the basis of the Commission Scoreboard
- listing criteria

=> Screening/dialogues in 2017: Methodology to be discussed with Member States

=> Final list to be adopted by Council by end 2017

Transparency – Next Steps

- July 2017: Communication on next steps in EU agenda to increase tax transparency and fight tax abuse
- Responds to challenges highlighted in "Panama Papers"
- Some actions delivered already (revision of AML Directive; DAC 5)
- Communication lists tax transparency priorities for 2017

Transparency – Next Steps

Beneficial Ownership:

- DAC 5 gives tax authorities access to national information on beneficial ownership.
- 2017: New initiative on automatic exchange of beneficial ownership information in the EU.

Promoters and Enablers of Tax Avoidance:

- BEPS 12: recommends required disclosure of ATP schemes
- Public consultation ongoing on best EU approach.
- 2017: New EU initiative on promoters and enablers of ATP