

**European Commission
Directorate-General for Taxation and Customs Union
Direct Tax Policy & Cooperation – Unit TAXUD/D2
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Dear Sir/Madam

Consultation on disincentives for advisors and intermediaries for potentially aggressive tax planning schemes

We welcome the opportunity to respond to the current consultation.

EY recognizes the importance of engaging with all stakeholders who, like ourselves, want to improve the tax system and create greater trust in it. We are committed to conducting our business in a transparent and positive way and we seek to maintain and enhance robust and open relationships with tax administrations.

We recognize that EY has an important role in contributing to the efficient operation of the tax system across the EU and globally.

Tax is a complex subject and taxpayers, from individuals to multinational companies, often seek assistance from tax advisers like ourselves to complete tax returns, calculate tax due, advise them on their obligations under the tax law (especially for new laws) and how to establish systems and processes to help them meet those obligations and advise them on how the tax law applies to new activities or ventures (e.g., digital, acquisitions, joint ventures). Many taxpayers are very focused on managing their potential tax risks and seek advice to assess what actions, if any, could be taken to minimize such risks. Taxpayers should seek (and indeed reputable tax advisers should offer where relevant) advice on reputational risk, as well as on substantive tax technical risks. Reputable advisers should help their clients to fully understand the importance of complying with all tax laws and the consequences of noncompliance.

Equally, it is important that taxpayers should be able to rely on the rule of law. Hence, a taxpayer should be able to obtain independent advice from qualified professionals about the tax law. They should be assisted to question tax demands, clarify how the law applies to the facts in any given situation and use whatever routes the judicial systems allow to address and determine the tax properly due under the law.

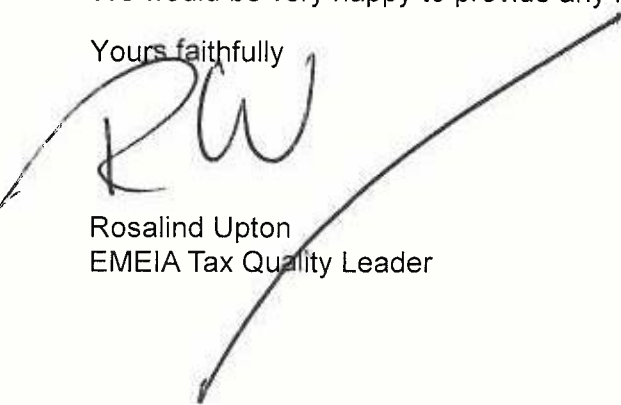
We are currently subject to Mandatory Disclosure Regimes ("MDR") in a number of countries. In our experience, the primary challenge is to design an MDR such that:

- Taxpayers and tax advisers have clarity around what should be disclosed.
- The disclosure captures mainly transactions that the authorities are interested in understanding.

Without such clarity, there is a significant risk of overwhelming tax administrations with information on inoffensive transactions and hence making it more challenging for the authorities to find the transactions which they are interested in. Also, a minority of less scrupulous taxpayers and advisers could exploit any ambiguity to justify non-disclosure.

We would be very happy to provide any further input which might be helpful.

Yours faithfully



Rosalind Upton
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