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# Unshell

## Preventing the use of shell companies for tax abuse

Transparency is the cornerstone of Fair Taxation. The European Commission made a proposal that will increase scrutiny of shell companies in the EU, to prevent them from being used for tax evasion and avoidance.

**A new filtering system to identify shell companies:**



**Is the bulk of the company's income passive (dividends, interest on bonds, etc)?**



**Are a majority of transactions cross-border?**



**Are management and administration outsourced?**

If the answer is yes in all three cases, the company will be subject to new tax reporting obligations related to economic substance. If a company fails at least one of the substance indicators, it will be presumed to be a shell and will not be able to benefit from tax advantages intended to support real economic activity.

**For a sustainable future, where all companies pay their fair share.**