



COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT AND THE COUNCIL
on *Tax Good Governance in the EU and beyond*

DG TAXUD – Unit D1: *Company Taxation Initiatives*

Brussels, 15 September 2020

OUTLINE:

- Reform of the Code of Conduct on Business Taxation
- Review of the EU List of non-cooperative jurisdictions for tax purposes
- TGG clause in agreements with third countries
- Reinforcement of TGG rules through EU funds
- Reinforcement of TGG rules: defensive measures
- Additional support for partner countries in the area of TGG

TGG Communication as one of the 3 elements of Tax Package adopted on 15 July 2020



TGG Communication main elements

*Reform of the Code of
Conduct for Business
Taxation*

*Review of the EU List of non-
cooperative jurisdictions for
tax purposes*

TGG Communication in the EU and beyond

*Reinforcement of the EU's
TGG rules regarding EU
funds & defensive measures*

*Additional support for partner
countries in the area of TGG*

TGG Communication: reform of the Code of Conduct on Business Taxation

What has been achieved so far:



Since its creation in 1997, more than 400 tax regimes assessed in the EU (100 of them found harmful)







Benchmark for assessing third-country jurisdictions under the EU List of non-cooperative jurisdictions (NCJ) for tax purposes



Important instrument for combatting harmful tax competition and promoting TGG principles widely

TGG Communication: reform of the Code of Conduct on Business Taxation

What is yet to be achieved – SCOPE & CRITERIA:

-  *To address international discussion on minimum effective taxation*
-  *General aspects of national corporate tax systems as well as other relevant non-corporate tax measures*
-  *Business-related issues relevant to individuals*
-  *Cases of very low taxation*

TGG Communication: reform of the Code of Conduct on Business Taxation

What is yet to be achieved – GOVERNANCE:

 *Improve transparency*

 *Improve efficiency through qualified majority voting*

 *Promote cooperation between the Commission and Member States*

TGG Communication: review of the EU List of non-cooperative jurisdictions for tax purposes

What has been achieved so far:



95 jurisdictions assessed against the three main categories of criteria of the EU List



Higher benchmark of international tax standards: major reforms in partner countries and substance criteria on zero-tax jurisdictions



Increased cooperation with partner countries

TGG Communication: review of the EU List of non-cooperative jurisdictions for tax purposes

What is yet to be achieved – GEOGRAPHICAL SCOPE:



New scoreboard taking into account:

- ✓ *the most recent data and developments in the global economy and tax policy*
- ✓ *additional sources of information on economic and financial links with third countries*
- *Better coordination between the EU NCJ and AML/CFT Lists*

TGG Communication: review of the EU List of non-cooperative jurisdictions for tax purposes

What is yet to be achieved – REVISED CRITERIA:



Low-risk developing countries



Beneficial ownership and other international standards







Digital economy



Most recent business and tax planning practices

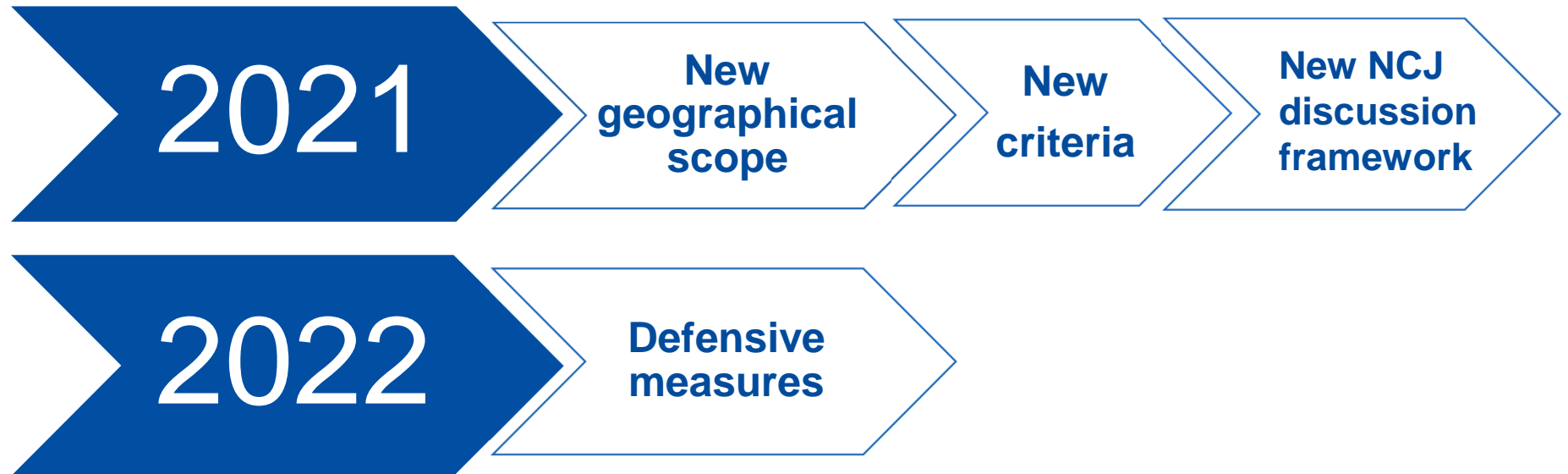
TGG Communication: review of the EU List of non-cooperative jurisdictions for tax purposes

What is yet to be achieved – TRANSPARENCY & ACCOUNTABILITY:

-  *Inter-institutional cooperation: regular updates to the European Parliament*
-  *Policy discussion at the Platform for Tax Governance, Aggressive Tax Planning and Double Taxation*
-  *Dialogue between the Commission and Member States on how to further coordinate the EU NCJ List and national tax lists*
-  *Annual gathering to exchange views on the EU list with relevant stakeholders*

TGG Communication: review of the EU List of non-cooperative jurisdictions for tax purposes

Key milestones



TGG clause in agreements with third countries

What has been achieved so far:



European Parliament support



Council endorsement of standard TGG clause in 2018

What is yet to be achieved:



TGG clause to be included in new and ongoing negotiations



Considerations of implications of TGG clause on the EU NCJ List

Reinforcement of TGG rules: EU funds

What has been achieved so far:



Legally binding link between TGG standards and use of EU funds



Guidance on TGG to EU implementing partners



Due diligence checks of international financial institutions (IFIs) & national agencies



EU tax requirements as curtain-raiser on the risk of tax avoidance for market operators

Reinforcement of TGG rules: EU funds

What is yet to be achieved:



Dialogue with EU Member States on how to align EU and national funding policies (and defensive measures), to start by end 2020. Report on preventing tax avoidance in the use of public funds within the EU) by 2022.



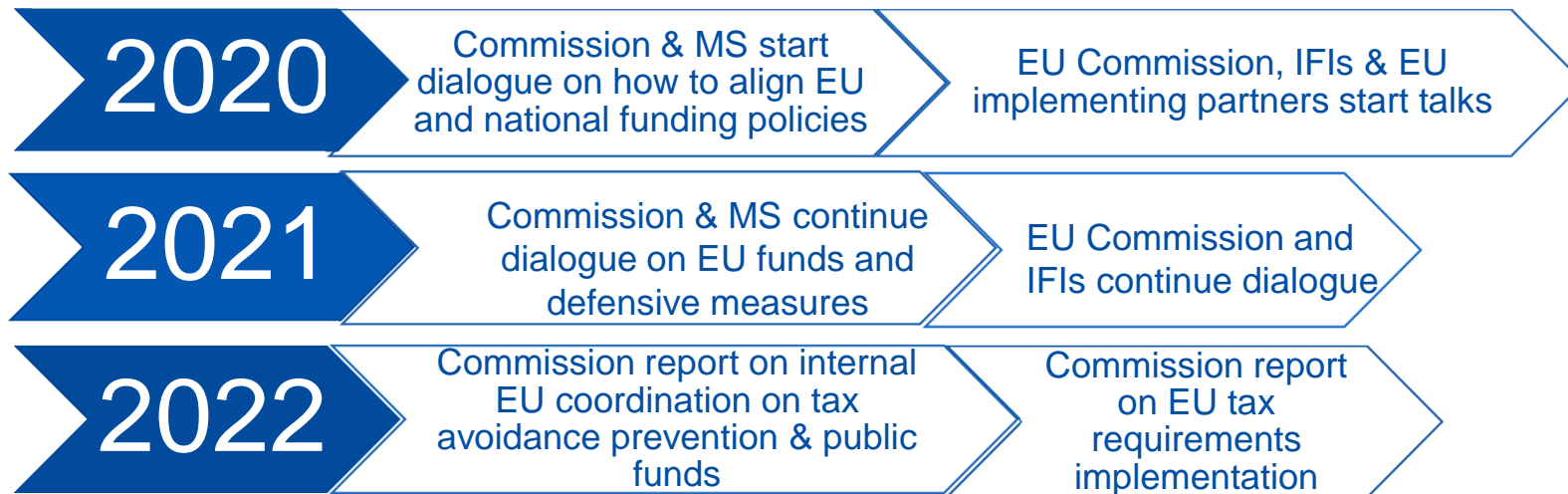
Dialogue with IFIs on implementation of EU tax requirements, to start by end 2020. Report in 2022 (possible updated guidance).



Consideration of possible further work at broader international level (from 2022 onwards).

Reinforcement of TGG rules through EU funds

Key milestones



Reinforcement of TGG rules: defensive measures

What has been achieved so far:



2017 Council agreement on administrative measures



2019 Council agreement on toolbox of legislative defensive measures

What is yet to be achieved:



Defensive measures to be enacted and closer coordination among Member States



Assessment of need for further coordination

Reinforcement of TGG rules: defensive measures

Key milestones

2021

Defensive measures
to be fully implemented by
MS

2022

MS assessment of need
for further coordination

Post
2022

Based on 2022
assessment, legislative
proposal on coordinated
defensive measures

Additional support for partner countries in the area of TGG

- *Direct/indirect support and assistance to boost Domestic Revenue Mobilisation (DRM)*
- *Increased role and cooperation with international organisations*
- *Addis Tax initiative 2.0: boosting DRM & fairness*
- *Wider policy agenda, including green taxation*



Thank you



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FOR FAIR,
EFFICIENT AND
GROWTH-FRIENDLY
TAXATION IN THE EU**

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