

**Representation of the EATLP in EU Platform for Tax Good Governance
(Report 2023/2024)**

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Since the last general assembly the Platform met three times

October 2023

December 2023

February 2024

The most important exchange was on the BEFIT package in October. The reaction of the members of the Platform was quite mixed: while the NGOs were generally supportive, the business community reacted rather cautiously to the harmonisation of the tax base and the proposal for a directive on transfer pricing. The impact of transfer pricing harmonisation in terms of increased legal certainty was considered to be very limited.

With regard to a common corporate tax base, there are doubts as to whether the GloBE tax base is really an appropriate starting point, especially as it is to be modified for BEFIT purposes, so that the simplification effect is doubtful. There was almost unanimous support for better harmonisation of the existing rules of the more recent directives (ATAD I, ATAD II, Pillar 2) and for assessing the impact of the previous measures before looking more closely at the implementation of BEFIT.

The Head Office Tax (HOT) scheme for micro, small and medium-sized enterprises was better received, including by business representatives, although the legitimate question was raised as to why such procedural simplifications should be granted only to small and medium-sized enterprises. This can be seen as a starting point and a test for HOT, but an extension would then be desirable.

It might be worthwhile to discuss the status quo of direct tax harmonisation and the interaction of the various directives at a future EATLP conference in order to gain clarity on the need for adjustment and the advantages and disadvantages of further harmonisation, particularly in view of the renewed push for a common tax base.

The December 2023 meeting discussed the future role of the UN in relation to the OECD/EU in international tax law and the EU Tax Observatory's Global Tax Evasion Report 2024. The representative of the EU Tax Observatory concluded that the measures taken so far against tax evasion and harmful tax competition were not effective enough. This led to a call for a global minimum tax of 2% on billionaires. The report was highly controversial, both in terms of its factual basis and its conclusions. However, the Observatory's observation that regulation is shifting competition towards direct subsidy competition was understandable and not particularly surprising. Tax subsidies would also be an appropriate topic for a future EATLP conference.

The February 2024 meeting was devoted to the discussion of three studies:

- Study commissioned by the European Parliament on "Good practices in the fight against tax avoidance: the signalling role of FDI data".

- Spanish solidarity tax on high net worth individuals;
- Study commissioned by DG INTPA on "Tax motivated illicit financial flows".

Regarding the first study, we pointed out that the research period (2009-2021) does not reflect the impact of important EU measures such as the Anti Tax Avoidance Directives (ATAD) 1 and 2, as these rules are still being implemented. We also suggested that a good way to curb international tax avoidance would be to add an external dimension to the existing harmonisation acquis (i.e. the Parent-Subsidiary Directive and the Interest and Royalties Directive).

The final study reviews the main challenges faced by developing countries (with a focus on African countries), takes stock of existing global efforts to address these challenges and provides policy recommendations for further action at European level. We believe that opening up the debate on EU-Africa tax cooperation is certainly a task that the EATLP should promote, both within the Association and through the Platform.

Finally, in the EATLP group on EU tax policy, we discussed a proposal by Edoardo Traversa for a European Agency for Tax Cooperation to better monitor the implementation and impact of tax harmonisation directives. The proposal was then endorsed by 130 colleagues from across the EU and sent to the Commissioner, who replied showing great interest in the initiative. This idea is likely to be discussed further in the next Commission and the EATLP may be asked to contribute through the Platform or otherwise.

We thank the EATLP for the opportunity to represent them on the Platform and wish the new EATLP representatives all the best (and guarantee our support) for the next mandate.