

I'm pleased to be here and continue our discussions on fair taxation in Europe.

This issue matters to all European citizens.

Because if you work hard and pay your taxes, you want to see that everybody else does their part, too. That large companies don't use tax loopholes to avoid paying their fair share. Or enjoy a special tax treatment that isn't on offer for others.

Over the last four years, Europe has adopted 14 laws to make our cooperation against tax avoidance stronger. That's more than in the last two decades combined.

I'm glad that this Parliament remains fully engaged in the work.

Ludek Niedermayer and Jeppe Kofod presented a thorough draft report that isn't a record of our achievements today, but homework for the years to come. I think that's right. Because the work must continue.

And that includes our work on State aid.

Last week, the General Court ruled on our decision on Belgian tax exemptions for excess profits of multinationals. Exemptions that allowed certain multinationals to reduce their taxable profits by up to 90%.

The Court fully endorsed that, whilst taxation is a matter for Member States, the Commission is responsible for checking that their tax measures comply with European State aid rules. Under those rules, Member States cannot give certain companies tax advantages that aren't available to others that pay their normal taxes.

But the Court ruled that we shouldn't have considered the Belgian excess profit exemptions to be a general aid scheme. In the Court's view, the Belgian tax administration exercised a margin of discretion when and under which conditions that exemption could be granted to multinationals requesting it. According to the Court, that discretion means that the exemption was granted in an individual way and not through a general scheme.

Therefore, the Court annulled the Commission's decision on its qualification of the tax exemptions as a general scheme. The Court did not express a view whether the individual company rulings were State aid.

But the Court agreed with the Commission that the Belgian tax exemptions didn't seem to pursue the aim of avoiding double taxation of the relevant profits, which was the justification Belgium used for giving these tax exemptions.

So, we are carefully reflecting on this judgment and will consider the next steps to take.

What is clear is that the Court confirmed a well-established principle: if a tax advantage is selective for companies, there is illegal State aid.

We also followed that principle in our seven other decisions to-date, where we did analyse the individual rulings. For those rulings, we ordered the recovery of almost 15 billion euros in unpaid taxes from the companies.

And we're continuing our ongoing investigations.

Last month, we opened an investigation concerning Nike in the Netherlands. It focuses on the tax treatment of two Dutch group companies that employ over 1,000 people and that seem to develop and market the Nike brand all over Europe.

But when it comes to paying royalties for using that brand, these companies seem to have been treated as businesses without much activity in the Netherlands. At this stage, the Commission is concerned that the royalty payments may not reflect economic reality. If proven, this has allowed the entire Nike group to reduce artificially its taxes for a very large part of its profits in Europe.

In parallel, we're continuing our cases concerning Ikea, tax exemptions for companies in the Madeira Free Zone and the foreign controlled company rules in the UK.

But doing cases isn't our sole priority. We continue to work with Member States in their efforts to design tax practices that avoid discussions on State aid in the first place. Because we must always consider the limits of State aid enforcement to secure tax fairness. State aid cases target companies who received a selective advantage that others don't. But only better taxation rules can remove issues once and for all, or close loopholes that are available to everyone. State aid rules and regulation must continue to work hand-in-hand to make taxation fair.

And we're seeing progress. To name a few: **Cyprus** and **Luxembourg** changed their tax rules for financing companies. **Ireland** abolished its Double Irish tax regime.

The **Netherlands** launched a broad tax reform. Once adopted, the tax administration will grant tax rulings only for real business activities – not for shell companies. It will refuse rulings for transactions involving tax havens. And inform the public each year on the approach to tax rulings.

We have also systematically reviewed the tax rulings practices across the EU. And that exercise revealed some very good way of working in most EU countries.

**Germany**, for example, gives tax rulings in dialogue with the other Member States affected by a tax arrangement of a multinational. That reduces the risk that one country gives selective advantages that deflate the tax base of the other.

In **Austria**, each tax ruling has to be endorsed by the tax authority's top management before it is given.

Importantly, many Member States simply check the facts before they give a tax ruling. Their tax authorities don't rubberstamp profit figures that companies give to them. They test whether the profits reflect economic reality, sometimes even with outside experts.

With such principles, the vast majority of tax rulings live up to their purpose. To give certainty to companies on their tax bill. In line with economic reality and without risks of State aid. That's a good thing.

Your Committee will wrap up four years of hard work on fair taxation. Your engagement and debates have helped create the momentum that we need to continue tackling these challenges. In Europe, talking openly about tax fairness isn't taboo. It's the new normal. And this work must go on.

Our shared goal is simple and just. Everyone should pay their fair share of tax.