



---

*Plenary sitting*

---

**B9-0342/2022**

29.6.2022

## MOTION FOR A RESOLUTION

to wind up the debate on the statements by the Council and the Commission

pursuant to Rule 132(2) of the Rules of Procedure

on national vetoes to undermine the global tax deal  
(2022/2734(RSP))

**Kira Marie Peter-Hansen, Claude Gruffat, Ernest Urtasun, Rasmus  
Andresen, Damien Carême**  
on behalf of the Verts/ALE Group

**European Parliament resolution on national vetoes to undermine the global tax deal (2022/2734(RSP))**

*The European Parliament,*

- having regard to Title III of Part Six and Articles 113, 115 and 116 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to Articles 4(3) and 20 of the Treaty on European Union (TEU),
- having regard to the statement of the Organisation for Economic Co-operation and Development (OECD)/G20 inclusive framework on base erosion and profit shifting (BEPS) of 8 October 2021 on a two-pillar solution to address the tax challenges arising from the digitalisation of the economy, which 137 of the framework's 141 member jurisdictions had signed up to by 4 November 2021,
- having regard to the rules for domestic implementation under Pillar II of the OECD/G20 BEPS inclusive framework,
- having regard to the Commission proposal for a Council directive on ensuring a global minimum level of taxation for multinational groups in the Union (COM(2021)0823),
- having regard to its position of 19 May 2022 on the proposal for a Council directive on ensuring a global minimum level of taxation for multinational groups in the Union<sup>1</sup>,
- having regard to the EU Tax Observatory analysis of 25 October 2021 entitled 'Revenue effects of the global minimum tax: country-by-country estimates',
- having regard to the Commission communication of 15 January 2019 entitled 'Towards a more efficient and democratic decision making in EU tax policy' (COM(2019)0008),
- having regard to its resolution of 26 March 2019 on financial crimes, tax evasion and tax avoidance<sup>2</sup>,
- having regard to its resolution of 4 May 2022 on the follow-up to the conclusions of the Conference on the Future of Europe<sup>3</sup>,
- having regard to the Rules of Procedure of the Conference on the Future of Europe, as approved by the Executive Board and published on the multilingual digital platform,
- having regard to the Polish Economic Institute study of January 2020 entitled 'Tax unfairness in the European Union: towards greater solidarity in fighting tax evasion',

---

<sup>1</sup> Texts adopted, P9\_TA(2022)0216.

<sup>2</sup> OJ C 108, 26.3.2021, p. 8.

<sup>3</sup> Texts adopted, P9\_TA(2022)0141.

- having regard to the International Monetary Fund (IMF) study of 25 May 2021 entitled ‘Taxing Multinationals in Europe’,
  - having regard to the latest IMF estimates in the April 2022 Fiscal Monitor,
  - having regard to Rule 132(2) of its Rules of Procedure,
- A. whereas on 8 October 2021, 136 of the 140 members of the OECD/G20 inclusive framework on BEPS agreed on a reform of the international tax system through a two-pillar solution to address the challenges stemming from the digitalisation of the economy, including imposing a floor on competition on corporation tax with the introduction of a global minimum rate of 15 %;
  - B. whereas the implementation of the global minimum tax rate under this two-pillar reform would see countries collect approximately USD 150 billion in new revenues annually<sup>4</sup>;
  - C. whereas according to the latest IMF estimates, the minimum tax is estimated to raise global corporate income tax revenues by 5.7 % through the top-up tax and potentially by a further 8.1 % through reduced tax competition;
  - D. whereas the EU alone would stand to increase its corporate income tax revenue by approximately EUR 64 billion annually by levying a minimum effective corporate tax rate of 15 % in accordance with Pillar II of this global deal<sup>5</sup>;
  - E. whereas tax matters in the Union are subject to a special legislative procedure and are decided on by unanimity in the Council;
  - F. whereas the European Parliament has fully committed to the Conference on the Future of Europe;
  - G. whereas the proposals emerging from citizens’ participation, as translated into the final Conference conclusions, request that the European Union become more democratic, secure, effective, prosperous, fairer, sustainable, more capable of acting and a more influential actor in the world;
  - H. whereas in addition to legislative proposals, the opening of a process of institutional reforms is needed in order to implement the tax recommendations and expectations of the citizens’ participation process;
  - I. whereas in today’s larger, modern and more integrated EU, a purely national approach to taxation no longer works and unanimity is neither a practical nor effective method of decision-making;
  - J. whereas all OECD and G20 countries, including all 27 EU Member States, endorsed and welcomed the agreement to reform international tax rules in October 2021;

---

<sup>4</sup> OECD, ‘International community strikes a ground-breaking tax deal for the digital age’, 8 October 2021, <https://www.oecd.org/tax/international-community-strikes-a-ground-breaking-tax-deal-for-the-digital-age.htm>

<sup>5</sup> EU Tax Observatory, *Revenue effects of the global minimum tax: country-by-country estimates*, 25 October 2021.

- K. whereas despite this commitment, the adoption of the EU directive to uphold and implement Pillar II of this international agreement (hereinafter the Pillar II Directive) has failed three times at the economic and financial affairs (ECOFIN) configuration of the Council due to the failure to reach unanimity;
- L. whereas Poland, and most recently Hungary, have invoked their national vetoes to prevent the adoption of the Pillar II Directive across the Union, despite it being supported by all of the other 26 Member States in those respective instances;
- M. whereas Hungary, in spite of having agreed to the implementation of the directive at previous ECOFIN meetings, invoked its veto at the June 2022 ECOFIN following the withdrawal of the long-standing veto by Poland;
- N. whereas the public revenues deriving from the implementation of the Pillar II Directive in the EU would be particularly significant in the light of the war in Ukraine, inflation and the fiscal, economic and social consequences of such, as well as the need to ensure the post-pandemic economic recovery on the basis of a transition towards climate neutrality;
- O. whereas the vetoes exercised by Poland and Hungary have severely damaged the credibility, reputation and leading role the EU has had in international taxation to date;
- P. whereas many attempts have been made over the past few decades to establish a minimum rate of corporate income tax in the Union; whereas according to the IMF, effective minimum taxation in Europe would mitigate both profit shifting and tax competition;

### *General considerations*

1. Asserts that existing international tax rules are largely outdated and unable to address the increasing digitalisation of the economy and effectively curb tax evasion and avoidance; highlights the urgent need for a reform of the rules through the adoption of the OECD/G20 global tax deal, so that international, EU and national tax systems are fit for the new economic, social and technological challenges of the 21st century;
2. Notes with great concern the persistent race to the bottom in terms of corporate income tax rates in the developed economies over the last number of decades; highlights the sharp decline in average EU corporate income tax rates from 33.3 % in 2000 to 22.7 % by 2020<sup>6</sup>; reiterates the urgent need to impose a floor on corporate income tax competition through the introduction of the minimum effective rate of 15 % in accordance with Pillar II of the global tax deal;
3. Highlights that the existing tax rules and mismatches between tax rules across Member States and further afield, coupled with a lack of international cooperation, among other issues, are enabling multinationals to engage in aggressive tax planning which significantly reduces their effective tax rates; recalls that this situation also places small and medium-sized enterprises (SMEs) at a significant competitive disadvantage, as they are paying considerably higher effective tax rates than multinationals, which is

---

<sup>6</sup> Trading Economics, 'Euro area corporate tax rate', <https://tradingeconomics.com/euro-area/corporate-tax-rate>

unacceptable;

4. Deplores the fact that the losses resulting from the use of international transactions for purposes of tax avoidance and evasion deprives EU Member States of EUR 170 billion each year<sup>7</sup>;
5. Highlights its recently adopted position on the Pillar II Directive, which calls for the legislation to be swiftly implemented by January 2023;

#### ***The current decision-making process***

6. Stresses that unanimity voting in the Council over tax policy is not conducive to ushering in the changes needed to tackle the current challenges; regrets the fact that the current situation often leads to delays, imperfect law-making, weak compromises and a lack of progress in the harmonisation and coordination of tax rules across the Union that would be to the benefit of all;
7. Expresses deep concern at the fact that national vetoes have consistently hampered progress in many important areas of taxation, with proposals such as the common consolidated corporate tax base (CCCTB), the revision of the Interest and Royalties Directive<sup>8</sup>, the reform of the Code of Conduct on Business Taxation and now the Pillar II Directive being blocked in the Council as a consequence;
8. Deplores the fact that national vetoes in taxation matters have been exploited, weaponised and used as bargaining chips by certain Member States to achieve gains, extract concessions and pursue other self-serving interests in areas beyond and unrelated to taxation; stresses that the existence of these vetoes threatens to perpetuate harmful tax practices and social injustice that undermine the Union's ability to function effectively, foster a level playing field and protect the best interests of its citizens and SMEs;
9. Stresses the importance of the EU being the first global region to implement the OECD/G20 global tax deal in order to encourage other jurisdictions to swiftly follow suit;

#### ***The harmful role of national vetoes in the implementation of the Pillar II Directive***

10. Observes that the power to veto in tax matters leads to disproportionate power for the Member States, which can be easily abused to hijack the process to the detriment of tax justice, leading to harmful horse-trading; considers that this has been particularly apparent in the negotiations over the Pillar II Directive; condemns and deeply regrets the shameful use by Poland and Hungary of their vetoes; warns that this behaviour is fast becoming an existential threat to democracy in the European Union;
11. Deeply regrets the approval of the Recovery and Resilience Facility (RRF) implementation decision for Poland during the ECOFIN meeting in June 2022; deplores the fact that Poland used its veto power in tax matters to put pressure on the Member

---

<sup>7</sup> Polish Economic Institute, *Tax unfairness in the European Union: towards greater solidarity in fighting tax evasion*, January 2020.

<sup>8</sup> OJ L 157, 26.6.2003, p. 49.

States and the Commission to approve its RRF plan; deeply regrets the fact that Member States and the Commission folded to such pressure; considers that the recent reform of the judiciary in Poland does not fulfil the requirements set out in the first milestone of its RRF plan; reiterates Parliament's position that no RRF payment can be made in relation to Poland's plan until the country has fully complied with the requirements of the RRF Regulation<sup>9</sup>;

12. Urges Hungary to put an immediate end to its senseless opposition to the global tax deal in the Council; deplores the fact that a single Member State has the capacity to hold both the implementation of such a historic deal and 26 other Member States hostage in the fight for greater tax justice; notes that its demands were largely taken into account through the OECD inclusive framework and in ECOFIN; notes, furthermore, that the arguments put forward by Hungary are not consistent with previous positions taken in the Council, most notably supporting the proposed Pillar II Directive at the ECOFIN meeting in April 2022;
13. Urges Member States and the Council not to give in to Hungary's veto and not to enter into harmful horse-trading; calls on the Council to refrain from further watering down the Pillar II Directive;
14. Reiterates its call on the Commission and the Council to refrain from approving Hungary's national recovery plan until it has fully complied with all European Semester country-specific recommendations on the rule of law and implemented all the relevant judgments of the Court of Justice and European Court of Human Rights;
15. Takes note of the fact that on 27 April 2022, the Commission finally started the formal procedure against Hungary under the Rule of Law Conditionality Regulation<sup>10</sup> by sending a written notification; expects the Commission to continue to make steps forward as soon as possible and expects the Council to make a political commitment to bringing the procedure to a successful conclusion without delay and as a matter of priority;
16. Recalls that instruments aimed at ensuring compliance with the values enshrined in Article 2 TEU cannot be used as bargaining chips; urges the Council to continue the ongoing Article 7(1) TEU procedure against Hungary and expects the Commission to firmly stand by its assessment as regards the notification under the Rule of Law Conditionality Regulation;
17. Concludes that both Poland and Hungary, in vetoing the Pillar II Directive in the Council, have demonstrated a lack of sincere cooperation, thereby jeopardising the achievement of the Union's objectives, as enshrined in Article 4(3) TEU;

#### ***Enhanced cooperation as a short-term solution***

18. Calls on the Member States in the Council that have agreed to the latest compromise text to implement the Pillar II Directive through a procedure of 'enhanced cooperation', as laid down in Article 20 TEU; considers that 'enhanced cooperation' would be the

---

<sup>9</sup> OJ L 57, 18.2.2021, p. 17.

<sup>10</sup> OJ L 433 I, 22.12.2020, p. 1.

preferred and fastest way forward if reaching unanimity is deemed impossible in the coming days and weeks; notes that the Pillar II mechanisms operate in such a way that a country does not gain a competitive advantage if it fails to implement the rules – quite the contrary;

19. Recalls that the unilateral implementation of the Pillar II Directive at Member State level should not give rise to any conflicts with the case-law of the Court of Justice, as the Commission has proposed changes to the rules of the OECD Pillar II model to ensure the necessary alignment; supports and encourages the unilateral implementation of the Pillar II Directive by all Member States individually should ECOFIN continue to fail to reach an agreement;

### ***Recommendations for action and areas for reform***

20. Endorses the assessment reached by the Commission in its 2019 communication entitled ‘Towards a more efficient and democratic decision making in EU tax policy’ on the need to move away from unanimity in tax matters; considers, in particular, that involving the European Parliament would enhance decision-making in taxation; concludes that moving to qualified majority voting under the ordinary legislative procedure will lead to more effective, relevant and ambitious outcomes for EU tax policy;
21. Welcomes the proposals on fiscal and tax policies in the report on the final outcome of the Conference on the Future of Europe, in particular proposal 16(1) on harmonising and coordinating tax policies within the Member States in order to prevent tax evasion and avoidance, avoiding tax havens within the EU and targeting offshoring within Europe, including by ensuring that decisions on tax matters can be taken by qualified majority in the Council; calls on the Commission and the Council, in this context, to reform the decision-making process for taxation policies in order to protect the Union’s financial interests;
22. Reiterates its resolution of 9 June 2022 on the call for a Convention for the revision of the Treaties<sup>11</sup>; expects the European Council to convene a Convention for the revision of the Treaties and proposes that the following Treaty article be amended as follows:

Article 113 TFEU

***The European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and Committee of the Regions, may adopt provisions for the harmonisation of legislation concerning turnover taxes, excise duties and other forms of **direct and** indirect taxation of companies, firms or individuals to the extent that such harmonisation is necessary to ensure the establishment and the functioning of the internal market and to avoid distortion of competition;***

23. Stresses that all scenarios should remain on the table, and not only the unprecedented step of using a *passerelle* clause to shift from unanimity to qualified majority voting in

---

<sup>11</sup> Texts adopted, P9\_TA(2022)0244.

tax matters;

24. Calls on the Commission to launch a new proposal to move from unanimity to qualified majority voting in a number of fields of taxation, particularly when these are necessary to ensure the proper functioning of the internal market, combat tax fraud, avoidance and evasion, implement tax-related measures relating to the protection of our environment and achieve the EU's goal of climate neutrality by 2050 under the European Green Deal; urges the Member States, in light of the above, to embrace the transition from unanimity to qualified majority voting in these areas; recalls, in this regard, Ursula von der Leyen's manifesto from her candidacy for President of the Commission, which included a commitment to 'make use of the clauses in the Treaties that allow proposals on taxation to be adopted by co-decision and decided by qualified majority voting in the Council'; equally recalls former Commission President Juncker's 2018 state of the Union address, which called for a system of qualified majority for taxation matters;
25. Calls on the Commission, during its current mandate, to make use of the procedure laid down in Article 116 TFEU, namely where it finds that a difference between the provisions laid down by law, regulation or administrative action in Member States is distorting the conditions of competition in the internal market, and waive the unanimity requirement on certain tax policies;
26. Calls on the Commission, meanwhile, to explore the possibility of creating a mechanism to apply enhanced cooperation as the default method in situations where three Member States or fewer block the implementation of taxation measures designed to ensure the proper functioning of the internal market, combat tax fraud, avoidance and evasion, and protect the environment;
  - 
  - ◦
27. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.