

EN  
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Answer given by Mr Gentiloni  
on behalf of the European Commission  
(19.6.2020)

The single market is one of the main achievements of the European integration. Its sustainability is based on fair competition among firms according to a set of common rules. Excessive tax competition undermines the level playing field between businesses, creates distortions in the single market, and may lead to loss of tax revenues and constrained policy choices for Member States.

As underlined in its Work Programme 2020<sup>1</sup> and the roadmap for the upcoming action plan to fight tax evasion and make taxation simple and easy<sup>2</sup>, fighting tax abuse is a priority for the Commission. The Commission has adopted measures aimed at modernising tax rules and fighting tax abuse, such as the Anti-Tax Avoidance Directive<sup>3</sup> and the Directives on Administrative Cooperation<sup>4</sup>. The Commission also put forward a proposal for a Common (Consolidated) Corporate Tax Base<sup>5</sup>, which would limit the scope for base erosion and profit shifting and eliminate mismatches between national corporate tax systems.

As part of the European Semester process, the Commission adopted country specific recommendations on aggressive tax planning for six Member States<sup>6</sup> in 2019 and included this issue in its proposal for the euro area recommendation for 2020. In addition, the Code of Conduct on business taxation reviews harmful tax regimes in Member States and third countries and contributes to curbing harmful tax competition within the EU and beyond.

At global level, the Commission is actively supporting the on-going discussions in the Organisation for Economic Co-operation and Development (OECD) and G20 on the reform of the international corporate tax system to better reflect the realities of value creation in today's digitalised economy and to address new forms of tax competition.

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<sup>1</sup> COM(2020) 37.

<sup>2</sup> Ares(2020)939727.

<sup>3</sup> Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market (OJ L 193, 19.7.2016, p. 1) as amended by Council Directive (EU) 2017/952/EU (OJ L 144, 7.6.2017, p. 1).

<sup>4</sup> Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (OJ L 64, 11.3.2011, p. 1), as amended by Council Directives 2014/107/EU (OJ L 359, 16.12.2014, p. 1), 2015/2376/EU (OJ L 332, 18.12.2015, p. 1), 2016/881/EU (OJ L 146, 3.6.2016, p. 8), 2016/2258/EU (OJ L 342, 16.12.2016, p. 1) and 2018/882/EU (OJ L 139, 5.6.2018, p. 1).

<sup>5</sup> COM(2016) 683 final.

<sup>6</sup> Including for the Netherlands, see country report SWD(2019) 1018 and recommendation COM(2019) 519.