On the Taxation Omnibus and (some comments on) the DAC Recast Proposals – An interview with Benjamin Angel

EU Tax Focus, 15/2026 (30 June 2026)

1. Introduction

In an interview conducted on 30 June 2026 by Carla Valério and Oana Popa, members of the EU Tax Law Study Group, Benjamin Angel, Director for direct taxation, tax coordination, economic analysis and evaluation in DG TAXUD explains the policy considerations and extensive preparatory work that shaped the package and highlights its simplification potential. He explores why Member States should support the change to the material scope of the Parent-Subsidiary and Interest and Royalties Directives despite short-term budgetary losses, outlines the rationale behind the amendments to the interest limitation rule, explains the reasons behind introducing the new R&D allowance in the ATAD and reflects on which measures from the package could serve as inspiration beyond the EU context.

The full interview is available below.

2. Preparation of the Package and its Simplification Potential

EU Tax Law Study Group: *Putting together the Omnibus on taxation has been a several-year project, which we have been closely following at the IBFD. What were the biggest challenges the Commission found during this process of identifying how to simplify the EU tax law framework, and, considering what has been selected to feature in the proposed package, what do you think has more simplification potential?*

Benjamin Angel: The run-up to the package was indeed a long and extensive process. We have conducted a number of evaluations. First, we have evaluated the Anti-Tax Avoidance Directive. We have also evaluated the Directive on Administrative Cooperation. We were able to build on the external evaluation done by the European Court of Auditors, which made a report on some of our directives. We had several rounds of public consultation. We also tested our ideas in numerous meetings of working parties with member states that we organized ourselves for this occasion. But even more important, we engaged almost systematically with the business community, both at the European and national level.

At the European level, we have worked a lot with our partners, starting with Business Europe, to have regular discussions on the feedback they could give us on the way those directives are implemented. But we have also toured the Member States, literally one by one, to meet not only the finance ministry and the tax administration but also the business representatives, to get firsthand feedback on what works fine, what works less fine, and their sources of concern.

Last, but not least, we have also conducted bilateral meetings with MNEs. Putting aside my own meetings at a more senior level, the team in charge has conducted more than 70 bilateral meetings with multinational companies. So, it was really an extremely wide-encompassing effort to gather as much feedback as possible, both from the public side and from the business community, so as to have an informed view.

The simplification potential is big. You have certainly seen that the Commission has estimated the package to be generating around EUR 8 billion per year of savings in compliance costs for businesses. To give you an order of magnitude, the 10 omnibuses that the Commission has tabled last year were estimated to generate around EUR 12 billion of saving. And here we have one that generates already 66% of what the 10 were generating. You can interpret it in two different ways. You can say, "Well, the commission is very ambitious in its simplification of taxation", but you can also say that taxation is so heavy and so complex that you get very quickly to high figures by improving the processes and introducing some simplification.

3. Material Scope of the Parent-Subsidiary Directive and the Interest and Royalties Directive

EU Tax Law Study Group: *The proposed changes to the material scope of the Parent-Subsidiary Directive (2011/96) and Interest and Royalties Directive (2003/49) (removal of holding percentage) are clearly playing a central role in the package and are closely aligned with what stakeholders have been asking through feedback to different consultations.*

Given the significant simplification benefits for businesses and tax administrations (amounts reflected in the impact assessment), do you expect this provision to be relatively straightforward to agree on politically, or do you see potential points of resistance during the negotiations? To the extent you can share, what reactions have you heard so far from Member States?

Benjamin Angel: Maybe one step back, first. Thirty-six years ago, with the adoption of the Parent-Subsidiary Directive, Member States have agreed that there should be no withholding tax for the payment of dividends within a group. Twenty-three years ago, with the Interest and Royalties Directive, they have agreed that there should be no withholding tax for payment of interest and royalties within a group. And yet we're still in a situation where half of the Member States charge a withholding tax that needs to be refunded, sometimes with a very heavy, painful and cumbersome procedure.

So, the first objective that we have is to deliver on the promise of the two existing legislations. If we're not supposed to have a withholding tax, well, let's not have a withholding tax, rather than having one that is refunded!

The effect, by definition, of such a change is relatively asymmetrical. A number of Member States do not have any withholding tax today and can only welcome the improvement in the functioning of the single market and savings and investments union. For some other Member States, beyond the question of whether they share our objective of facilitating cross-border investment within the single market and developing a savings and investment union, you may have sometimes hesitations stemming from the impact on their fiscal income. It is not an easy choice. By definition, it's a political question. Are we willing to sacrifice some short-term income in exchange for a better functioning of the single market and ultimately more growth for everyone? The impact assessment shows that the fiscal cost is compensated relatively quickly by the positive impact on the economy.

The analogy I like to give when I get this question is the decision that was made many, many years ago to create a single market. When this decision was made, Member States had customs duties on each other. By terminating those customs duties, there was a fiscal cost, for sure. Germany was charging France, France was charging Italy, et cetera. Was it the wrong decision? No, it allowed us to build the market and to grow more.

This is exactly the same discussion for the withholding tax. It may have a short-term fiscal impact on some Member States, but the collective benefit that we can have from facilitating the functioning of the single market, making it easier to have cross-border investment, is considerable. This point was raised in the Draghi report.
And all Member States have stressed the importance of delivering on this report. Now we want them to walk the talk.

So no, it will not be an easy discussion. We think, however, that our proposal is realistic: we have not proposed to terminate them overnight. We have proposed that it would be done 8 years after the entry into force of the directive,

so more or less 10 years from now, to allow to Member States to organize themselves from a fiscal point of view to offset any possible impact of the measure. But we think it's high time to make payments more fluid. And if you compare our single market with other large single markets in the world, we are clearly at a comparative disadvantage. There is no withholding tax on payments from California to Texas or from one province in China to another province.

So, if we want to make good on our claims that we have a well-functioning single market, this has to go.

4. Interest Limitation Rule

EU Tax Law Study Group: *The revisions to the interest limitation and CFC rules under the Anti-Tax Avoidance Directive (2016/1164) (ATAD) move towards a more harmonized and simplified framework, while also introducing several safeguards and targeted exclusions.*

Could you walk us through the thinking behind one or two measures that you consider particularly significant and explain the reasoning behind them? More broadly, how do you see the balance between simplification and anti-avoidance playing out in practice in respect of these provisions?

Benjamin Angel: Let me first make a general remark on the Anti-Tax Avoidance Directives. They were built as a minimum standard, with many built-in options on top. This was making perfect sense when those directives were adopted, but now, with the insights on the way they operate, the near unanimous feedback that we got from the business community is that there are so many options, so many different interpretations and so many different ways to implement it that we end up with a harmonization in name only, and with a directive which is implemented in extremely different ways in each Member State.

When we looked more closely at all the options in ATAD, just for fun, we calculated the total mathematical number of possible combinations of options. The figure is 14… million. There are 14 million mathematical combinations possible in ATAD. It is therefore not a surprise if we can affirm that today we do not have two Member States implementing ATAD in the same way. Not even two.

Put yourself in the shoes of a multinational that is active in 10 or 15 Member States. This is an extremely cumbersome and messy situation. So, one of the objectives that we have in this simplification exercise is to change a bit the nature of ATAD from a minimum standard with plenty of options to a directive ensuring more commonality in the way we tackle the anti-avoidance measures in the single market.

As a consequence, a number of things that were optional will no longer be optional.

Let's take the interest limitation rule, for instance, because this is an area where we bring a lot of changes. Today, 25 Member States have a reference point at 30% of the EBITDA. But we do have two which have a lower reference point. Easy proposal: everyone should have 30% of the EBITDA.

Second example, the *de minimis*. At the moment it is set at EUR 3 million for 22 Member States. We have one Member State which does not have *de minimis* at all, and four other Member States which have a low *de minimis*, around EUR 1 million. Well, since the vast majority is at EUR 3 million, second proposal: let's have EUR 3 million mandatory for everyone. And once it's there, after a 3 years transition period, let's have also an annual indexation, because this figure has been calculated 12 years ago, which means the ceiling has become more demanding with time, because of inflation. Some Member States have a carry forward, some don't. We propose to make it mandatory. Some Member States have a group escape rule, some don't. We propose to make it mandatory.

We intend also to fix a number of flaws in the interest limitation rule. One is related to the procyclicality. At the

moment, from an economic point of view, there is a very weird dynamic in ATAD. As you know, the deductibility of interest is limited to 30% of the EBITDA. Now, if you think of it from an economic point of view, when the profit of a company goes down, it hits a ceiling more quickly.

In other words, at the very moment where the company is in bad shape, it pays more taxes. That's a relatively counterintuitive construction from an economic point of view. It's not possible to address it fully, but we plan to give at least a breathing space whereby if the EBITDA falls by more than 50% on a certain year, the interest limitation rule is suspended for that year.

Second flaw that we try to address, we think we have collectively drifted a bit too much out of the original philosophy of the interest limitation rule. The interest limitation rule was put forward as an anti-abuse measure. Its rationale was to prevent aggressive practises where, in a group, you would borrow in one country and shift the interest burden to another high-tax country to make sure that you maximize the benefit that you get from the deductibility of interest. Fine.

But what about third-party loans? There are some third-party loans that are low risk. If you borrow from a bank, for instance, which is not an associated entity, or even better, from the market, where thousands of investors will make their own due diligence, and you borrow for your own use, without any on-lending within the group, where is the BEPS risk? There is none whatsoever. When we take the decision to refuse the deductibility of a cost – while the deductibility of costs is a fundamental principle of corporate income tax – we need a solid narrative, a solid rationale. Yet, there is none. That's why we propose to exclude those low-risk third-party loans from the interest limitation rule calculation.

The last change that we bring in this rule is a temporary one. It is related to the defence sector. As you know, all governments are putting a lot of pressure on the defence sector at the moment to step up production as quickly as possible so as to catch up and reduce the big risks that we're facing. And there is an intellectual inconsistency in passing this message and limiting the possibility to borrow to finance those big efforts. That's why we have proposed a temporary exclusion of the defence sector from the interest limitation rule for a 5-year period with a review clause, because we hope that 5 years from now the situation will improve from a geopolitical point of view, but in all honesty, no one can predict what the situation will be. It might have improved, it might be even more tense, and defence might be an even bigger priority.

So overall, we need, when we scrutinize ATAD, to reduce this extreme variability between Member States. And we need also to modernize the rule and to question each time whether a rule which was conceived with a true, genuine BEPS intention is really fit for purpose or if it needs to be reconsidered.

5. The New R&D allowance

EU Tax Law Study Group: *The ATAD was adopted as a minimum-standard anti-tax-avoidance directive, at a time of strong political pressure for EU action against base erosion and aggressive tax planning.*

The Omnibus on taxation would amend it to introduce a minimum-standard, expenditure-based corporate tax incentive, in the form of an R&D allowance.

If adopted, this would be the first binding EU-level corporate income tax incentive of this kind.

In your experience, how are Member States likely to react to the use of ATAD as the legal vehicle for that shift? And do you expect subsidiarity concerns from Member States?

Benjamin Angel: It's the first time in hard law, but it's not the first time in EU law, because if you include soft law, in particular, recommendations, we do enter this field. For instance, recently, we had elements related to tax incentives

in the Clean Industrial Deal.

So how do we expect Member States to react to having such a measure in ATAD? With surprise, first, because it's not self-evident to see a link between R&D and ATAD! The reason why we have put it in ATAD is fairly technical. It's linked to the interest limitation rule that we just discussed. If you introduce an R&D allowance without modifying the way the 30% EBITDA is computed, you create a situation where the allowance that you give with the left hand might be partly recaptured by the EBITDA ceiling from the right hand.

This is the technical reason why we put it in ATAD. That said, we also propose to change the name of ATAD to reflect its extended nature.

Why we have this measure is deriving from a set of reasons. The first is an observation: the European Union is dragging behind its main partners in terms of R&D. When you look at the main reason why this is happening, it's not so much a question of public investment; it's primarily a question of private investment. Our companies are not investing enough in R&D. There's no magic fix to this; we need to use a number of tools.

In the tax field, we note that our main competitors have introduced full expensing of R&D. The UK has had full expensing for a few years. The United States has introduced full expensing for R&D in the One Big Beautiful Act a few years ago. And all the feedback that we get from the business community, but also from the think tanks, like the Tax Foundation – which has examined the effect of full expensing on investment – highlights that such a measure is very useful.

We are not operating in a vacuum. Obviously, Member States today have a lot of measures targeting R&D, sometimes going well beyond what we propose, with super deduction or other measures.

But we have realized that the vast majority of measures are focused on intangible assets. We have less measures today on tangible assets; that is why we have focused our proposal on them. We have also made it explicit that this is a minimum-standard approach: if a Member State can claim that what they have or what they're introducing is at least as beneficial as full expensing, we have no objection. Unlike the anti-abuse measures that we were talking before, the intention is clearly to support as much as we can private investment in R&D. We are absolutely fine with Member States taking another avenue, as long as this avenue works. But we wanted to put it on the radar screen of Member States, because we have now multiple studies showing that this is a very efficient avenue, and also an avenue which, from a fiscal point of view, is not too expensive for Member States, because it's more a question of timing of the tax income. And, last but not least, an avenue which fits well with the Pillar Two rules, as it is not recaptured.

6. Exporting Tax Measures and the Interaction between the European Union and the OECD

EU Tax Law Study Group: *If you could choose any possible measure or mechanism proposed in the simplification package to be implemented globally, which one would you choose, and why?*

Benjamin Angel: That is a very difficult question for several reasons. The first reason is that one of the rationales of this package is also to support our competitiveness. So, for this reason, we do not necessarily want all the measures to be exported as such, because they aim at giving a positive edge to our businesses.

But putting aside this consideration, let me take maybe one example in the Omnibus and one in the DAC, because we have not mentioned it yet, but we bring a lot of important changes in the DAC.

In the Omnibus, we have proposed to lift the CFC for Pillar Two companies. And we think this is a discussion that could also take place at some point in a more global context. The idea has been floating in the air already in many,

many conferences, including in OECD conferences, for a long time.

We know that there is an overlap of intention, even though the mechanics are different: both aim at tackling the low taxation of foreign subsidiaries.

The articulation between the two is at best complex.

I say at best, because it's very easy to construct a scenario whereby the articulation between QDMTT and CFC, because of coordination failures, lead to a double taxation of the company if the CFC does not take into account the QDMTT charge. And a last consideration: Pillar Two is bringing fundamental changes to the way the competition operates in the corporate tax field, but it's fair to say that the transition to Pillar Two is very administratively burdensome. If we believe in Pillar Two, then we should also alleviate some anti-abuse rules for Pillar Two companies. We should be comfortable with the efficiency of the system and not have a belt-and-braces approach.

A second example is in the DAC. It also illustrates the very complex dynamic between the EU and the OECD. As you know, the discussion on sharing the data from the users' activity on internet platforms came first in the OECD, but the original OECD agreement was covering services only.

When we did an EU transposition via DAC 7, we went beyond the OECD agreement, and we covered goods as well. The very fact that the European Union covered goods had a knock-on effect on the OECD, and the OECD then extended its own approach to goods. But, with hindsight, we have discovered some flaws in the choice of threshold that we have made. This was very difficult to spot at that time. As you know, we have in particular a threshold of number of operations – 30 operations trigger a reporting requirement – and there are two things which we had not anticipated properly.

The first thing is that the average value of operations on the large platforms for second-hand goods is actually very low. On Vinted, for instance, the average value is single-digit. So, with 30 operations, you reach a level which is not so interesting from a tax point of view.

The second thing we underestimated was that ordinary citizens, also because of a poor communication from some tax administrations, got the impression that they would be taxed immediately. That was raising many questions. If a mother is selling the used pyjamas of her baby, what is the profit? She's not making any. We are de facto creating a significant negative impact on some platforms specialized in the sale of goods.

We spotted it almost immediately. They visited us in the first days of implementation of the DAC, because they realized after a few weeks that the market was collapsing very abruptly. So, we engaged with the platforms, we brought them to explain the issue to the Member States, and we told the Member States, “Guys, we got it wrong. We should get rid of this threshold of number of operations, and we should also increase the threshold of value”. We were primarily looking for information on persons having a hidden professional activity, not on the ordinary citizen selling used clothes.

As a second round, since the OECD had imported our rules, we went back to the OECD and told them, “Well, thanks for the import, but we spotted the need for fine-tuning”. The situation today at the OECD mirrors what we have proposed. We expect the OECD agreement to be adjusted to drop the threshold of number of operations and the value threshold, because of the practical difficulties I have mentioned.

That's a very concrete example, which also shows that it's important when we operate in the tax field to keep an open eye on the effect. Because sometimes, you can try ex ante to figure out what the effects are. We do impact assessments, etc., but if the practice shows that something is not working as it should, it's important that the legislator correct the trajectory. And this is exactly what we're doing. And this is not small, actually, because just

changing those two thresholds will reduce the number of reports for DAC 7 by 11 million a year in the European Union.

And soon, globally.

IBFD references:

- EU tax law developments are reported on the daily IBFD Tax News Service page.
- C. Valério & D. Arsenovic, European Union - Direct Taxation, Global Topics IBFD.
- For an overview of legislative initiatives at the EU level on direct tax matters, see the EU Direct Tax Law Initiatives Tax Dossier.
- For an overview of the implementation status of DAC6-DAC9across Member States, see the DAC6-DAC9 Implementation Status Tax Dossier.
- O. Popa, Navigating the Complexity of EU Rules in Direct Taxation: Legislative Clutter, Institutional Initiatives and Steps Toward a Sustainable Framework, 66 European Taxation 8 (2026).
- M.E. Roche, Complexity, Tax Systems and the European Union's Competitiveness: The EU Tax Decluttering and Simplification Agenda Paradox, 66 European Taxation 6 (2026).