

The Taxation Omnibus: what happens now?

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1. Introduction

In June 2026, the European Commission [unveiled](#) its long-awaited Tax Simplification package, an ambitious initiative designed to simplify key elements of the EU direct tax and reporting framework while supporting the broader objective of enhancing the competitiveness of the Internal Market. The proposal forms part of a wider EU policy agenda aimed at reducing regulatory complexity, lowering administrative burdens and creating a more coherent environment for cross-border business activity.

The Taxation Omnibus seeks to revisit and modernize several cornerstone EU tax directives, including the [Anti-Tax Avoidance Directive \(2016/1164\) \(ATAD\)](#), the [Parent-Subsidiary Directive \(2011/96\) \(PSD\)](#), the [Interest and Royalties Directive \(2003/49\) \(IRD\)](#), the [Merger Directive \(2009/133\)](#) and the [Tax Dispute Resolution Mechanisms Directive \(2017/1852\)](#).

The sister proposal – a [recast](#) of the Directive on Administrative Cooperation (DAC) – aims to rationalize the DAC framework by bringing together the provisions of [DAC1](#) through [DAC9](#) into a single consolidated legislative text. Beyond this codification exercise, the proposal also seeks to improve the functioning of the regime through a number of focused amendments aimed at simplifying compliance and enhancing the effectiveness of administrative cooperation within the European Union.

This note outlines the legislative process leading to the adoption of the Taxation Omnibus Directive (and DAC Recast), highlights some of the political challenges ahead, and ultimately encourages interested stakeholders to engage in the process.

2. The Political Challenge Ahead

The European Commission consulted the Member States and other stakeholders extensively before deciding on how far-reaching the Tax Simplification package should be (see [On the Taxation Omnibus and \(some comments on\) the DAC Recast Proposals – An interview with Benjamin Angel](#)). Although it can be assumed that – at least to a certain extent – the outcome reflects feedback received during this process, the conclusion of the negotiations process is not forgone. Whereas political agreement on the DAC Recast may be reached as early as December 2026, negotiations on the Taxation Omnibus are likely to be lengthy and may result in a text that departs significantly from the Commission's original proposal.

As many readers will be aware, tax legislation at EU level generally requires unanimous approval by Member States. In other words, all EU Member States must agree on a new Directive for it to be adopted. This context is relevant in the case of the Tax Simplification package, as several elements of the Omnibus touch directly on issues of tax sovereignty and national revenue collection. The proposed removal of withholding tax barriers, for example, may generate concerns among jurisdictions that currently rely on such taxes as a source of revenue or as an instrument of domestic tax policy. Likewise, differing views on anti-abuse measures and the balance between simplification and tax integrity may complicate negotiations. Many Member States rely on a static assessment of the impact of a legislative proposal, meaning that the estimated loss of revenue is immediately relevant, whereas the potential long-term benefits are not quantified at national level and therefore risk not being part of the conversation.

As a result, substantial discussions and amendments can be expected before any final text emerges. Indeed, initial [comments](#) provided by a number of Member States following the Commission's presentation of the package suggest that, although there is broad support for the objective of reducing administrative burdens, there are EU jurisdictions that question whether parts of the proposal go beyond simplification. Some Member States have also stressed that simplification should not weaken existing anti-abuse safeguards or create new tax planning opportunities, while several jurisdictions oppose provisions that would restrict their ability to maintain stricter domestic rules. For example, a number of Member States object to the proposed ATAD non-derogation clause, and some delegations have expressed concerns about mandatory ATAD measures that would reduce national flexibility.

Whilst these initial positions might change as discussions progress and the European Commission provides further details regarding the policy rationale behind its ambitious proposals, they are nevertheless indicative of the types of jumps the proposals would have to clear to get to the finish line.

3. The Process

A proposal put forward by the European Commission is typically discussed at the level of the Council of the European Union in a working party of national experts. In simplified terms, once a common position is agreed upon in the preparatory bodies, the relevant Council configuration adopts it. Tax-related proposals are generally discussed by the experts in the High Level Working Party on Tax Questions, then passed on to the Committee of permanent representatives (Coreper) and, ultimately, to the ECOFIN Council configuration for adoption.

Of course, in practice, the process is rarely so straightforward, with multiple compromise texts making the rounds before a proposal is ultimately either adopted, temporarily put on ice or withdrawn.

Within the Council of the European Union, the Antici Group (Simplification) provides a dedicated horizontal forum for progressing the Commission's simplification agenda under the General Affairs Council. The remit of the Antici Group mainly covers simplification omnibus packages, and the Taxation Omnibus proposal makes no exception. National experts remain involved in the process, but as co-drivers rather than those behind the wheel. This departure from the usual process may have implications for the speed at which negotiations unfold and, ultimately, the content of the rules put forward for adoption. It is difficult to predict at this stage what those

implications might be, as the situation is a novelty in the EU tax world. It is nevertheless worth noting that the [“One Europe, One Market” Roadmap](#) of the European Parliament, the Council and the European Commission mentions the Taxation Omnibus as a priority deliverable, with a political commitment to reach agreement in the fourth quarter of 2027.

The DAC Recast proposal, on the other hand, is being discussed at Council level in the Working Party on Tax Questions (Direct Taxation). According to the European Parliament’s Legislative Train [Schedule](#), Presidency compromise texts have already been discussed and there is a commitment to reach political agreement at the December 2026 ECOFIN meeting, “subject to progress in the negotiations”.

Importantly, public consultations on both proposals have been launched by the European Commission, with stakeholder comments expected by November 5 for the Taxation Omnibus proposal and December 1 for the DAC Recast proposal, respectively.

4. Conclusion

The Tax Simplification package represents a significant attempt to recalibrate the European Union’s direct tax and reporting frameworks, with competitiveness and simplification becoming strategic tax policy objectives in their own right.

By reducing procedural barriers, broadening access to withholding tax relief, modernizing reorganization rules, refining anti-avoidance measures, and consolidating and streamlining reporting rules, the Commission aims to create a more efficient environment for cross-border investment and business activity. These objectives must, however, be calibrated against the willingness of Member States to embrace a somewhat more integrated approach to direct taxation. Likewise, long-term objectives must be reconciled with short-term loss of revenues. Regardless of the outcome, the package marks an important stage in the continuing evolution of EU tax policy and is overall a welcomed step towards simplifying the European Union’s direct tax *acquis*. Interested stakeholders should seek to understand the proposals and engage with the process, based on their practical experience. Although some of the proposals would only come into effect as late as 2037, the time to get involved is now.

IBFD references:

- > EU tax law developments are reported daily on the 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](#).
- > R. Vlasceanu & C. Valério, [Less Red Tape, Same Transparency? Assessing the DAC Recast](#), EU Tax Focus 17/2026 (20 July 2026).
- > [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).

- > O. Popa, [Simplifying the “Older” Corporate Taxation Directives: Can the Omnibus Deliver on Such a Complex Task?](#), EU Tax Focus, 13/2026 (26 June 2026).
- > A.Xygka, C. Valério and F. de Lillo, [ATAD through Taxation Omnibus Lenses](#), EU Tax Focus 18/2026 (17 August 2026), IBFD.
- > L. Ambagtsheer-Pakarinen, O. Popa, [Completing the Tax Simplification Package Series: Amendments to Dispute Resolution Mechanisms and Initial Developments](#), EU Tax Focus 19/2026 (21 August 2026).