On 28 January 2016, the European Commission published an anti-avoidance package (the Package). Details of the Package are summarized below.

Key features of the Package include:

– legally-binding measures to block the most common methods used by companies to avoid paying tax;
– a recommendation to Member States on how to prevent tax treaty abuse;
– a proposal for Member States to share tax-related information on multinationals operating in the European Union;
– actions to promote tax good governance internationally; and
– a new EU process for listing third countries that refuse to play fair.

Key actions

The Package is based on three core pillars of the Commission's agenda for fairer taxation (see European Union-1, News 17 June 2015).

1. Ensuring effective taxation in the European Union

The Package makes specific proposals to enable EU Member States to ensure that companies pay tax where they make their profits. In this respect, the Commission proposes an Anti-Avoidance Directive (the Package includes a Communication on the Anti-Tax Avoidance package (COM(2016) 23/2)) with legally binding measures to tackle some of the most prevalent tax avoidance schemes, and a Commission Recommendation on the implementation of measures against tax treaty abuse (C(2016) 271 final), which advises Member States on the best ways to protect their tax treaties against abuse in a way that is compatible with EU law.

2. Increasing tax transparency

The second core pillar is increasing transparency, which is seen as crucial to identify aggressive tax planning practices by large companies and to ensure fair tax competition. The Package includes a Proposal for Council Directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (COM(2016) 25 final). It proposes mandatory automatic exchange of tax-related information on multinational companies' activities on a country-by-country basis amongst tax administrations. This provides all Member States with crucial information to identify risks of tax avoidance and to better target their tax audits.

3. Securing a level playing field

The third pillar focuses on securing a level playing field. The Commission emphasizes that tax avoidance and harmful tax competition are global problems and, as such, actions to prevent them must extend beyond the European Union's borders. Also, developing countries should be included in the international tax good governance network to ensure that they can benefit from the global fight against tax avoidance too. The Package contains a Communication on an External Strategy for Effective Taxation (COM(2016) 24 final), which aims to strengthen cooperation with third countries in the fight against tax avoidance, enhance EU measures to promote fair taxation globally based on international standards, and create a common approach to external threats of tax avoidance. This helps to ensure a fair and level playing field for all businesses and countries.

The Package also contains a Chapeau Communication (COM(2016) 23/2) and a Staff Working Document, which explain the political and economic rationale behind the individual measures and the Commission's broader agenda against tax avoidance. The Package is accompanied by:

– a Study on Structures of Aggressive Tax Planning and Indicators (Taxation Paper No. 61/2015);
– a MEMO regarding the Package; and
– a Factsheet regarding the Package.

For more information, see the Commission's web page regarding the anti-avoidance package here.
See also

*European Union-1, News 17 June 2015*