



**EUROPEAN COMMISSION**

**PRESS RELEASE**

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## **Commission forges ahead on new transparency rules for tax planning intermediaries**

The European Commission has today proposed tough new transparency rules for intermediaries - such as tax advisors, accountants, banks and lawyers - who design and promote tax planning schemes for their clients.

Recent media leaks such as the Panama Papers have exposed how some intermediaries actively assist companies and individuals to escape taxation, usually through complex cross-border schemes. Today's proposal aims to tackle such aggressive tax planning by increasing scrutiny around the previously-unseen activities of tax planners and advisers.

European Commission Vice-President Valdis **Dombrovskis**, responsible for the Euro and Social Dialogue, Financial Stability, Financial Services and Capital Markets Union said: *"The EU has become the frontrunner when it comes to bringing more transparency to the world of aggressive tax planning. This work is already reaping results. Today we are proposing to hold responsible the go-betweens who create and sell tax avoidance schemes. Ultimately, this will result in greater tax revenues for Member States."*

Pierre **Moscovici**, Commissioner for Economic and Financial Affairs, Taxation and Customs, said: *"We are continuing to ramp up our tax transparency agenda. Today, we are setting our sights on the professionals who promote tax abuse. Tax administrations should have the information they need to thwart aggressive tax planning schemes. Our proposal will provide more certainty for those intermediaries who respect the spirit and the letter of our laws and make life very difficult for those that do not. Our work for fairer taxation throughout Europe continues to advance."*

Cross-border tax planning schemes bearing certain characteristics or 'hallmarks' which can result in losses for governments will now have to be automatically reported to the tax authorities before they are used. The Commission has identified key hallmarks, including the use of losses to reduce tax liability, the use of special beneficial tax regimes, or arrangements through countries that do not meet international good governance standards.

The obligation to report a cross-border scheme bearing one or more of these hallmarks will be borne by:

- the intermediary who supplied the cross-border scheme for implementation and use by a company or an individual;

Contacts :

[Vanessa.Mock@ec.europa.eu](mailto:Vanessa.Mock@ec.europa.eu) (+32 2 2 29 56194)

[Patrick.McCullough@ec.europa.eu](mailto:Patrick.McCullough@ec.europa.eu) (+32 2 2 29 87183)

For the public: **Europe Direct** by phone **00 800 6 7 8 9 10 11** or by [e-mail](#)

- the individual or company receiving the advice, when the intermediary providing the cross-border scheme is not based in the EU, or where the intermediary is bound by professional privilege or secrecy rules;
- the individual or company implementing the cross-border scheme when it is developed by in-house tax consultants or lawyers.

Member States will automatically exchange the information that they receive on the tax planning schemes through a centralised database, giving them early warning on new risks of avoidance and enabling them to take measures to block harmful arrangements. The requirement to report a scheme does not necessarily imply that it is harmful, only that it merits scrutiny by the tax authorities. However, Member States will be obliged to implement effective and dissuasive penalties for those companies that do not comply with the transparency measures, creating a powerful new deterrent for those that encourage or facilitate tax abuse.

The new rules are comprehensive, covering all intermediaries, all potentially harmful schemes and all Member States. Details of every tax scheme containing one or more hallmarks will have to be reported to the intermediary's home tax authority within five days of providing such an arrangement to a client.

## **Background**

The Juncker Commission has made great strides in boosting tax transparency and tackling tax evasion and avoidance. New EU rules to block [artificial tax arrangements](#), as well as new [transparency requirements for financial accounts](#), [tax rulings](#) and [multinationals' activities have already been agreed and are progressively entering into force](#). Proposals for stronger Anti-Money Laundering legislation, public Country-by-Country reporting requirements and tougher good governance rules for EU funds are currently being negotiated. In addition, a new EU list of non-cooperative tax jurisdictions should be ready before the end of the year.

Today's proposal will further reinforce the EU's tax transparency framework, by shedding new light on the activities of intermediaries and the tax planning arrangements being used. It will also ensure a harmonised EU approach to implementing the recommended mandatory disclosure provisions in the OECD's Base Erosion and Profit Shifting (BEPS) project, as endorsed by the G20. Last October, Member States [expressed their support](#) for a Commission proposal on these measures.

## **Next Steps**

The proposal, which takes the form of an amendment to the Directive for Administration Cooperation (DAC), will be submitted to the European Parliament for consultation and to the Council for adoption. It is foreseen that the new reporting requirements would enter into force on 1 January 2019, with EU Member States obliged to exchange information every 3 months after that.

## **For more information:**

[Q&A on new transparency rules for intermediaries](#)

[Factsheet](#)

[Website: new transparency rules for intermediaries](#)