

Taxation: mandatory automatic exchange of information

2015/0068(CNS) - 20/10/2015 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, in the framework of a special legislative procedure (Parliament's consultation), the report by Markus FERBER (EPP, DE) on the proposal for a Council directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

The committee called on the European Parliament to approve the Commission proposal as amended.

The report noted that following the LuxLeaks scandal and by means of this report, the European Parliament expresses its strong determination not to tolerate tax fraud and tax avoidance as well as to advocate for a fair distribution of the tax burden between citizens and companies.

The main amendments made to the proposal concern the following issues:

Limited scope of the exchange of information: Members rejected the limited the scope of mandatory exchange of information to cross-border tax rulings and transfer pricing arrangements. They considered that the Directive should apply to **all tax rulings** and not just cross border rulings and advance pricing arrangements, given that purely national transactions can also have cross-border effects. That is particularly true of cascade transactions, where the advance tax ruling or price arrangement concerns the first national transactions, without taking into consideration the next (cross-border) transactions.

Quicker exchanges: Members proposed that information should be **exchanged immediately**, and at the latest one month after the advance rulings or advance pricing arrangements have been issued or amended.

Secure central directory and transparency: on 31 December 2016 at the latest, the Commission shall develop a **secure central directory** where information to be communicated in the framework of this Directive must be recorded in order to satisfy the automatic exchange of information. Member States shall ensure that all information communicated during the transitional period where the secure central directory is not yet developed is uploaded into the secure central directory by 1 April 2017. The Commission and the Member States shall have access to the information recorded in this directory.

In order to enhance **transparency** for citizens, the **Commission should publish, before 1 October 2017, and on an annual basis thereafter, a summary of the main tax rulings** agreed in the previous year, based on information contained in the secure central directory and in compliance with the **confidentiality** provisions.

Penalties: the Commission shall examine all penalties to be established in the event of refusal or omission of information exchange.

Further action of Member States: this Directive shall not preclude Member States from taking further action to develop domestic or agreement-based provisions for the prevention of tax avoidance.

Reporting: every three years after entry into force, the Commission shall submit a report on the application of this Directive.