

Basic information

2017/0138(CNS)

CNS - Consultation procedure
Directive

Taxation: mandatory automatic exchange of information in relation to reportable cross-border arrangements

Amending Directive 2011/16/EU 2009/0004(CNS)

Subject

2.70.01 Direct taxation
2.80 Cooperation between administrations

Procedure completed

Key players

European
Parliament

Committee responsible

ECON Economic and Monetary Affairs

Rapporteur

MAUREL Emmanuel (S&D)

Appointed

06/07/2017

Shadow rapporteur

MARTUSCIELLO Fulvio
(PPE)

RUOHONEN-LERNER
Pirkko (ECR)

WIERINCK Lieve (ALDE)

PAPADIMOULIS Dimitrios
(GUE/NGL)

SCOTT CATO Molly (Verts
/ALE)

KAPPEL Barbara (ENF)

Committee for opinion

CONT Budgetary Control

Rapporteur for opinion

The committee decided not to give an opinion.

JURI Legal Affairs

The committee decided not to give an opinion.

LIBE Civil Liberties, Justice and Home Affairs

The committee decided not to give an opinion.

Council of the
European Union

European Commission	Commission DG	Commissioner
	Taxation and Customs Union	MOSCOVICI Pierre

Key events			
Date	Event	Reference	Summary
21/06/2017	Legislative proposal published	COM(2017)0335 	Summary
06/07/2017	Committee referral announced in Parliament		
24/01/2018	Vote in committee		
31/01/2018	Committee report tabled for plenary, 1st reading/single reading	A8-0016/2018	Summary
01/03/2018	Decision by Parliament	T8-0050/2018	Summary
01/03/2018	Results of vote in Parliament		
01/03/2018	Debate in Parliament		
25/05/2018	Act adopted by Council after consultation of Parliament		
25/05/2018	End of procedure in Parliament		
05/06/2018	Final act published in Official Journal		

Technical information	
Procedure reference	2017/0138(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Amending Directive 2011/16/EU 2009/0004(CNS)
Legal basis	Treaty on the Functioning of the European Union TFEU 113 Treaty on the Functioning of the European Union TFEU 115
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/10283

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE613.436	22/11/2017	
Amendments tabled in committee		PE615.388	18/12/2017	

Committee report tabled for plenary, 1st reading/single reading		A8-0016/2018	31/01/2018	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0050/2018	01/03/2018	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2017)0335 	21/06/2017	Summary
Document attached to the procedure	SWD(2017)0236 	21/06/2017	
Document attached to the procedure	SWD(2017)0237 	21/06/2017	
Commission response to text adopted in plenary	SP(2018)178	24/04/2018	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2017)0335	14/09/2017	
Contribution	DE_BUNDESRAT	COM(2017)0335	26/09/2017	
Contribution	CZ_SENATE	COM(2017)0335	24/10/2017	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES3232/2017	18/01/2018	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

<p>Corrigendum to final act 32018L0822R(03) OJ L 031 01.02.2019, p. 0108</p> <p>Directive 2018/0822 OJ L 139 05.06.2018, p. 0001</p>	Summary
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Taxation: mandatory automatic exchange of information in relation to reportable cross-border arrangements

2017/0138(CNS) - 31/01/2018 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, following the consultation procedure, a report by Emmanuel MAUREL (S&D, FR) on the proposal for a Council Directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.

The committee recommended that the European Parliament approve the Commission proposal subject to the following amendments:

Objectives of the Directive: Members pointed out that the Directive shall aim to **significantly limit the catastrophic consequences of tax evasion and tax avoidance** on the public accounts and to improve the functioning of the internal market through discouraging the use of cross-border aggressive tax planning arrangements.

An amendment stressed that the automatic exchange of information between tax administrations, and ensuring coordination with financial intelligence units dealing with **money-laundering and terrorist financing**, are crucial in order to provide these authorities with the necessary information to enable them to take action where they observe aggressive tax practices.

Automatic and mandatory exchange of information on cross-border arrangements: the proposal obliges each Member State to take the necessary measures to ensure that intermediaries provide information to the relevant tax authorities on reported cross-border arrangements.

Members have suggested that while conducting statutory audits of statements of their clients, **auditors shall be subject to identification and disclosure obligations** regarding potential breaches of the audited entity or its intermediaries of the identification and disclosure obligations which the auditor has become aware. Each Member State shall take the necessary measures to require auditors to file information with the competent authorities on such breaches within **10 working days**, beginning on the day after the publication of their audits reports.

Each Member State may, where appropriate, take the necessary measures to give intermediaries the right to a waiver from filing information on a reportable cross-border arrangement or series of such arrangements where they are entitled to a legal professional privilege under the national law of that Member State. In such circumstances, the obligation to file information on such an arrangement or series of arrangements shall be the responsibility of the taxpayer and intermediaries shall inform **in writing** taxpayers of this responsibility due to the privilege, keeping an acknowledgment of receipt signed by the taxpayer

The **taxpayer shall report the information** on the reportable cross-border arrangement or series of arrangements to the competent authorities within **10 working days**.

Each Member State shall take the measures necessary to assess the tax arrangements disclosed through the exchange of information provided for by this Directive, as well as make available to their tax authorities the resources required.

Reporting formats shall be succinct and easy to use so as not to hinder concrete action against reported practices.

Commission access to information: the Commission shall be able to access relevant information so that it can monitor the proper functioning of this Directive and carry out its responsibilities under competition policies.

Lastly, in order to enhance legal certainty for intermediaries and taxpayers, the **Commission shall publish a list of the reported cross-border arrangements** that could potentially be used for tax avoidance purposes, without making any reference to the intermediary or taxpayer.

Penalties: appropriate penalties should be imposed to prevent and suppress potentially aggressive cross-border tax planning arrangements. The exchange of information between tax authorities regarding the imposition of penalties and situations where the Member State has refrained from imposing penalties should also be automatic.

Member States shall submit to the Commission and **make publicly available a list of intermediaries and taxpayers on whom penalties have been imposed** under this Directive, including names, nationalities and residences.

Inclusion of a new measure: every two years, the Commission shall publish a draft update of the list of hallmarks that define aggressive tax planning to include any new or modified tax evasion and tax avoidance arrangements that will have been identified since the previous update was published and should be brought into force within four months of the publication of the draft update.

Taxation: mandatory automatic exchange of information in relation to reportable cross-border arrangements

2017/0138(CNS) - 01/03/2018 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 541 votes to 33, with 61 abstentions, following the consultation procedure, a resolution on the proposal for a Council Directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.

Parliament approved the Commission proposal subject to the following amendments:

Objectives of the Directive: Parliament considered that it is key not to compromise the principle of tax equality in a context where the gap between corporate tax rates in the Member States and between Member States is widening. It stated that the Directive shall aim to significantly **limit the catastrophic consequences of tax evasion and tax avoidance** on the public accounts and to improve the functioning of the internal market through discouraging the use of cross-border aggressive tax planning arrangements.

Members also stressed the urgency of a better exchange of information on tax avoidance arrangements, given the various easy options that the use of intellectual property rights give for the artificial transfer of profits.

Automatic and mandatory exchange of information on cross-border arrangements: the proposal obliges each Member State to take the necessary measures to ensure that intermediaries provide information to the relevant tax authorities on reported cross-border arrangements.

Members have suggested that while conducting statutory audits of statements of their clients, **auditors shall be subject to identification and disclosure obligations** regarding potential breaches of the audited entity or its intermediaries of the identification and disclosure obligations which the auditor has become aware. Each Member State shall take the necessary measures to require auditors to file information with the competent authorities on such breaches within **10 working days**, beginning on the day after the publication of their audits reports.

Each Member State may, where appropriate, take the necessary measures to give intermediaries the right to a waiver from filing information on a reportable cross-border arrangement or series of such arrangements where they are entitled to a legal professional privilege under the national law of that Member State. In such circumstances, the obligation to file information on such an arrangement or series of arrangements shall be the responsibility of the taxpayer and intermediaries shall inform **in writing** taxpayers of this responsibility due to the privilege, keeping an acknowledgment of receipt signed by the taxpayer. The **taxpayer shall report the information** on the reportable cross-border arrangement or series of arrangements to the competent authorities within **10 working days**.

Each Member State shall take the necessary measures to require intermediaries, auditors and taxpayers to file information on reportable cross-border arrangements that are active on the **date of entry into force of this Directive** and those that will enter into force thereafter.

Reporting formats shall be succinct and easy to use so as not to hinder concrete action against reported practices.

Commission access to information: the Commission shall be able to access relevant information so that it can monitor the proper functioning of this Directive and carry out its responsibilities under competition policies.

In order to enhance legal certainty for intermediaries and taxpayers, the **Commission shall publish a list of the reported cross-border arrangements** that could potentially be used for tax avoidance purposes, without making any reference to the intermediary or taxpayer.

Each year, Member States shall submit to the Commission a list of the cross-border arrangements that are regarded by the relevant tax authority as being compliant with this Directive.

Penalties: appropriate penalties should be imposed to prevent and suppress potentially aggressive cross-border tax planning arrangements. The exchange of information between tax authorities regarding the imposition of penalties and situations where the Member State has refrained from imposing penalties should also be automatic.

Member States shall submit to the Commission and make publicly available a **list of intermediaries and taxpayers on whom penalties have been imposed** under this Directive, including names, nationalities and residences.

Inclusion of a new measure: every two years, the Commission shall publish a draft update of the list of **hallmarks** that define aggressive tax planning to include any new or modified tax evasion and tax avoidance arrangements that will have been identified since the previous update was published and should be brought into force within four months of the publication of the draft update.

Taxation: mandatory automatic exchange of information in relation to reportable cross-border arrangements

2017/0138(CNS) - 25/05/2018 - Final act

PURPOSE: to improve the functioning of the internal market by discouraging the use of aggressive cross-border tax planning arrangements.

LEGISLATIVE ACT: Council Directive (EU) 2018/822 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements.

CONTENT: this Directive amends [Directive 2011/16/EU](#) on administrative cooperation in the field of taxation in order to provide for the **mandatory disclosure of potentially aggressive tax planning arrangements** and to extend the scope of the automatic exchange of information between tax authorities to include such arrangements.

Some financial intermediaries and other tax advisory service providers appear to have actively assisted their clients in concealing capital abroad. Reporting on potentially aggressive cross-border tax planning arrangements will help to **detect the risks of tax evasion at an earlier stage** and to take measures to remedy deficiencies to avoid revenue losses.

Communication and automatic exchange of information: the revised Directive obliges **intermediaries** (e.g. tax advisors, accountants, banks, lawyers) who design or promote tax planning arrangements that have a cross-border element to provide information to tax authorities.

Each Member State shall take the necessary measures to require intermediaries to file information that is within their knowledge, possession or control on reportable cross-border arrangements with the competent authorities within 30 days beginning: (i) on the day after the reportable cross-border arrangement is made available for implementation; or (ii) on the day after the reportable cross-border arrangement is ready for implementation; or (iii) when the first step in the implementation of the reportable cross-border arrangement has been made, whichever occurs first.

To facilitate the work of Member States' administrations, the subsequent automatic exchange of information on such arrangements could take place **every quarter**.

The information received shall be exchanged automatically through a **secure central directory** to which all Member States shall have access. The Commission shall also have restricted access to the information exchanged.

Reporting obligation: to ensure the proper functioning of the internal market and to prevent loopholes in the proposed framework of rules, the reporting obligation shall be placed upon all actors that are usually involved in designing, marketing, organising or managing the implementation of a reportable cross-border transaction or a series of such transactions, as well as those who provide assistance or advice. It shall not be ignored either that, in certain cases, the reporting obligation would not be enforceable upon an intermediary due to a legal professional privilege or where there is no intermediary because, for instance, the taxpayer designs and implements a scheme in-house.

List of 'hallmarks': aggressive tax planning schemes have evolved over the years to become increasingly complex and are subject to constant modification and adjustment. Rather than defining the concept of aggressive tax planning, the Directive sets out in Annex IV a list of features (called 'hallmarks') of transactions that present a strong indication of tax avoidance or abuse.

Penalties: the Directive leaves it to the Member States to determine the penalties applicable in the event of infringement of national rules transposing the Directive into national law. These penalties must be **effective, proportionate and dissuasive**.

Member States shall communicate to the Commission a yearly assessment of the effectiveness of the automatic exchange of information as well as the practical results achieved.

ENTRY INTO FORCE: 25.6.2018.

TRANSPOSITION: no later than 31.12.2019.

APPLICATION: from 1.7.2020.

Taxation: mandatory automatic exchange of information in relation to reportable cross-border arrangements

2017/0138(CNS) - 21/06/2017 - Legislative proposal

PURPOSE: to strengthen the Union's fiscal transparency framework by introducing new rules for intermediaries in tax planning.

PROPOSED ACT: Council Directive.

ROLE OF THE EUROPEAN PARLIAMENT: the Council shall adopt the act after consultation of the European Parliament but without being obliged to follow the opinion of the European Parliament.

BACKGROUND: improving transparency, particularly through the exchange of information between tax administrations, is one of the main pillars of the Commission's strategy to **combat tax avoidance and evasion**.

Tax planning structures have become ever-more sophisticated. They consist of arrangements which develop across various jurisdictions and shift taxable profits towards beneficial tax regimes or have the effect of reducing the taxpayer's overall tax bill.

Recent revelations, such as the **Panama Papers**, have highlighted how certain intermediaries actively assist clients to evade tax, usually through **complex cross-border arrangements** often involving often involving a company located in a jurisdiction which is low tax or non-transparent.

[Council Directive 2014/107/EU](#), amending [Directive 2011/16/EU](#) on administrative cooperation between tax authorities within the Union introduced a common reporting standard (CRS) for financial account information within the Union.

The standard that was developed within the OECD Global Forum prescribes for the automatic exchange of information on financial accounts held by non-tax residents and establishes a framework for this exchange worldwide.

The Commission considers it crucial that information which may escape from the scope of this Directive be captured through placing an obligation on intermediaries to report on potentially aggressive tax planning arrangements.

The aim is to increase transparency and **access to the right information at an early stage, as this should allow the authorities to improve the speed and accuracy of their risk assessment** and make timely and informed decisions on how to protect their tax revenues.

IMPACT ASSESSMENT: the preferred option is the use of an EU Directive (binding instrument) requiring Member States to introduce a mandatory disclosure regime on potentially aggressive tax planning regime combined with exchange of information.

CONTENT: the proposal **amends Directive 2011/16/EU on administrative cooperation in the field of taxation** in order to provide for the mandatory disclosure of potentially aggressive tax planning arrangements and to extend the scope of the automatic exchange of information between tax authorities to include such arrangements.

Communication and automatic exchange of information: the proposal obliges intermediaries (e.g. tax advisors, accountants, banks, lawyers) who design or promote tax planning arrangements that have a cross-border element to provide information to tax authorities.

The disclosed information shall be exchanged automatically amongst national tax authorities. In practice, the rules propose that the exchange is carried out through submitting the disclosed arrangements to a **central directory** which all Member States have access to. The Commission will also have limited access to the exchanged information.

Regarding the operational aspects of the mandatory automatic exchange of information, the proposed Directive refers to the mechanism introduced by [Council Directive \(EU\) 2015/2376](#), i.e. common communication network (CCN). This will serve as a common framework for the exchanges and for this purpose its scope will be enlarged.

Burden of disclosure: the obligation of disclosure concerns those persons (i.e. natural or legal persons or entities without legal personality) who are identified as intermediaries.

The obligation to report a cross-border scheme shall be borne by the taxpayer (company or individuals) using the scheme: (i) 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; (ii) when it is developed by in-house tax consultants or lawyers.

List of hallmarks: the proposal includes a compilation of the features and elements of transactions that present a strong indication of tax avoidance or abuse. These features and elements are referred to as '**hallmarks**' and it suffices that an arrangement fall within the scope of one of those to be treated as reportable to the tax authorities. Intermediaries must make this report to their tax authorities within **five days** of giving such an arrangement to their client.

The subsequent automatic exchange of information on these arrangements shall happen **every quarter** of a year.

Penalties: Member States shall lay down penalties against the violation of national rules that implement this Directive and ensure that these penalties actually apply in practice, that they are proportionate and have a dissuasive effect.

BUDGETARY IMPACT: the impact on expenditure is estimated at **EUR 0.686 million** over five years.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the EU.