Basic information	
2019/2901(RSP) RSP - Resolutions on topical subjects	Procedure completed
Resolution on fair taxation in a digitalised and globalised economy: BEPS 2.0 **Subject** 2.70 Taxation 3.30.06 Information and communication technologies, digital technologies	

Key players				
European Parliament	Committee responsible		Rapporteur	Appointed
	ECON Economic and Monetary Affairs			
European Commission	Commission DG	Commissioner		
	Taxation and Customs Union	MOSCOVICI Pierre		

Key events			
Date	Event	Reference	Summary
16/12/2019	Debate in Parliament		
18/12/2019	Decision by Parliament	T9-0102/2019	Summary
18/12/2019	Results of vote in Parliament		
18/12/2019	End of procedure in Parliament		

Technical information	
Procedure reference	2019/2901(RSP)
Procedure type	RSP - Resolutions on topical subjects
Procedure subtype	Debate or resolution on oral question/interpellation
Legal basis	Rules of Procedure EP 142-p5
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/01734

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Amendments tabled in committee		PE643.244	22/11/2019	
Motion for a resolution		B9-0238/2019	18/12/2019	
Text adopted by Parliament, single reading		T9-0102/2019	18/12/2019	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2020)105	29/04/2020	

Resolution on fair taxation in a digitalised and globalised economy: BEPS 2.0

2019/2901(RSP) - 18/12/2019 - Text adopted by Parliament, single reading

The European Parliament adopted by 479 votes to 141, with 69 abstentions, a resolution tabled by the Committee on Economic and Monetary Affairs on fair taxation in a digitalised and globalised economy: BEPS 2.0.

Background

Members recalled that following the 2008-2009 financial crisis and a series of revelations by journalists and civil society organisations about tax evasion, aggressive tax planning, tax fraud and money laundering practices, G20 countries agreed to address these issues globally at OECD level, through the Base Erosion and Profit Shifting (BEPS) project, leading to the BEPS Action Plan.

The Action Plan has generated global consensus on many aspects of the fight against tax evasion but no agreement has been reached on how to address the fiscal challenges arising from the digitalisation of the economy, leading to the publication in 2015 of a separate final report on Action 1 of the BEPS project.

Parliament has repeatedly called for a reform of the international corporate tax system to combat tax fraud and evasion and to meet the challenges of taxing the digital economy. It called on the Commission and the Member States to adopt a joint European position at OECD/G20 level or to act EU level if an international agreement cannot be reached.

In 2018, during the ongoing negotiations to find an international agreement, the Commission put forward two proposals addressing the taxation of the digital economy. The European Parliament supported these proposals, but they were not adopted in the Council owing to opposition from a small number of Member States, which prevented a unanimous agreement being reached.

In 2019, the the OECD adopted a work programme towards reaching a consensus – which was endorsed by the G20 – with the aim of reaching an agreement by the end of 2020. It was suggested to group members' proposals to address the challenges of digitalisation under consideration into two pillars: Pillar One focuses on the allocation of taxing rights through new profit allocation and nexus rules, while Pillar Two addresses the remaining BEPS issues, introducing measures to ensure a minimum level of tax.

The EU must engage in international efforts to better tax the digital economy

Parliament noted the progress brought about by the BEPS action plan and its implementation by the Union through the directive on combating tax evasion (ATAD), but noted that certain challenges, linked in particular to globalisation and the digitalisation of the economy, had still not been addressed.

Regretting the lack of a common EU approach in the ongoing international negotiations, Parliament called on each Member State and the Commission to make their positions publicly known on the OECD Secretariat's proposals on Pillar One and Pillar Two and to agree on a common and ambitious EU position for the OECD negotiations, ensuring that the Union sets an example in ensuring a fairer distribution of taxing rights and a minimum level of taxation, allowing fairness in the international tax environment in order to combat tax fraud, aggressive tax planning and tax evasion.

Parliament encouraged the Commission and the Member States to achieve a deal at international level which would then be transposed at EU level through relevant EU and national legislation. Likewise, it supported the commitment of the Commission President to propose an EU solution should an international deal not be reached by the end of 2020, on the condition that this EU solution is not limited to digital businesses.

Members recalled that the ongoing international corporate tax reform is composed of two pillars of equal importance and that those two pillars are complementary. These pillars should be neogitated as a unique package of necessary reforms. They called on the Commission and the Council to prepare the legal base for incorporating the outcome of an international deal into EU law and to present a legislative proposal as soon as possible.

Scope of the reform

Parliament stressed that the fiscal challenges currently facing the international tax system are not only due to the digitisation of the economy but are also linked to the increasing globalisation of the economy. Therefore, the reform, while preventing further and unnecessary burdens on SMEs, should cover all large firms that have the possibility to engage in practices of tax base erosion and profit transfer through tax planning mechanisms in several Member States and third countries.

Members recommended, as a basis, that operating profits should be derived from consolidated financial accounts, after a feasibility analysis. In addition, while the current OECD proposal provides for the exclusion of specific sectors, such as the extractive industry and the commodities sector, Parliament asked the Commission to include these exclusions in its impact assessment, in particular to ensure that international reform respects the coherence of European policies for development.

Lastly, Members called on the OECD to make clear distinctions between sectors and company sizes in its proposal. The tax framework should be able to strike a balance between different situations, including monopoly rents and innovative high-growth companies.