Basic information

2022/2734(RSP) RSP - Resolutions on topical subjects	Procedure completed
Resolution on national vetoes to undermine the global tax deal **Subject** 5.03 Global economy and globalisation	

Key events

Date	Event	Reference	Summary
23/06/2022	Debate in Parliament		
06/07/2022	Decision by Parliament	T9-0290/2022	Summary
06/07/2022	Results of vote in Parliament		

Technical information

Procedure reference	2022/2734(RSP)
Procedure type	RSP - Resolutions on topical subjects
Procedure subtype	Resolution on statement
Legal basis	Rules of Procedure EP 136-p2
Stage reached in procedure	Procedure completed

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Motion for a resolution		B9-0339/2022	29/06/2022	
Motion for a resolution		B9-0340/2022	29/06/2022	
Motion for a resolution		B9-0341/2022	29/06/2022	
Motion for a resolution		B9-0342/2022	29/06/2022	
Motion for a resolution		B9-0343/2022	29/06/2022	
Motion for a resolution		B9-0344/2022	29/06/2022	
Text adopted by Parliament, single reading		T9-0290/2022	06/07/2022	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2022)505	20/10/2022	

Resolution on national vetoes to undermine the global tax deal

2022/2734(RSP) - 06/07/2022 - Text adopted by Parliament, single reading

The European Parliament adopted by 450 votes to 132, with 55 abstentions, a resolution on national vetoes to undermine the global tax deal.

The text adopted in plenary was tabled by the EPP, S&D, Renew, Greens/EFA groups and Members.

As of 4 November 2021, 137 out of 141 members of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, including all EU Member States, agreed on the reform of the international tax system through a two-pillar solution to address the challenges stemming from the digitalisation of the economy, including placing multilaterally agreed limitations on profit shifting and tax competition with the introduction of a **global minimum rate of 15 %**. The agreement is the result of a broad compromise and the outcome of several rounds of negotiations which took place over several years. The public revenue deriving from the implementation of the Pillar II Directive in the EU would be particularly significant given the unprecedented impact of the combination of the Russian aggression in Ukraine, the disturbance of global supply chains, and the need to ensure the **post-pandemic economic recovery** and the investments needed to deliver the **EU climate goals**.

In June 2022, **Hungary retracted its support for the EU law** implementing the global agreement. Poland also opposed it in April, before coming back on board.

General considerations

Parliament asserted that existing international tax rules are largely **outdated** and unable to address the increasing digitalisation of the economy and effectively curb tax evasion and avoidance. Therefore, there is an urgent need for the reform of the rules through the adoption of the OECD/G20 global tax deal, to ensure that the international, EU and national tax systems are fit for the new economic, social and technological challenges of the 21st century.

National vetoes have consistently hampered progress in many important areas of taxation. Parliament condemned the fact that national vetoes in taxation matters have been abused by certain Member States to achieve concessions in other policy areas. **The existence of these vetoes threatens to perpetuate harmful tax practices and social injustice** that undermine the Union’s ability to function effectively, foster a level playing field and protect the best interests of its citizens and SMEs. Members reiterated the urgent need to establish a broad tax base and reduce the space for tax evasion, tax fraud and aggressive tax planning.

Recommendations for action and areas for reform

Parliament called on the Council to swiftly adopt the Pillar II Directive to ensure the agreement is effective by January 2023.

Deploring the fact that a single Member State has the capacity to keep both the implementation of such a historic deal and 26 other Member States at a standstill, **Parliament urged Hungary to put an immediate end to its blockage of the global tax deal in the Council**.

It also urged the Commission and the Council:

- not to engage in political bargaining with Member States who abuse their national vetoes.;

- refrain from approving the Hungarian national recovery and resilience plan until Hungary has fully complied with all criteria set out in the regulation, in particular with the country-specific recommendations in the field of the rule of law, the independence of the judiciary and the prevention and detection of and fight against fraud, conflicts of interest and corruption.

Lastly, Parliament reminded Member States that unanimity decision making in the EU requires a very high level of responsibility, in line with the principle of sincere cooperation, as set out in the EU Treaty. For the longer term, Member States should consider the benefit of transitioning to **qualified majority voting**, and the Commission should relaunch the idea to gradually introduce majority voting on tax matters.