

CALL FOR EVIDENCE FOR AN IMPACT ASSESSMENT

This document aims to inform the public and stakeholders on the Commission's future legislative work so they can provide feedback on the Commission's understanding of the problem and possible solutions, and give us any relevant information that they may have, including on possible impacts of the different options.

TITLE OF THE INITIATIVE	Omnibus on taxation
LEAD DG (RESPONSIBLE UNIT)	DG TAXUD, Unit D1, Company Taxation Initiatives
LIKELY TYPE OF INITIATIVE	Legislative proposal
INDICATIVE TIMETABLE	Q2-2026
ADDITIONAL INFORMATION	-

This document is for information purposes only. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described, including its timing, are subject to change.

A. Political context, problem definition and subsidiarity check

Political context

The [Political Guidelines of the European Commission](#) have set the objective of making business easier and faster in Europe, by reducing administrative burdens and simplifying implementation. The Commission has set a target of reducing administrative burden by at least 25% for all businesses, and by at least 35% for SMEs, by the end of the mandate, without undermining the policy objectives of the initiatives concerned.

In the field of direct taxation, the [Council approved Conclusions setting a tax decluttering and simplification agenda with a view to contributing to the EU's competitiveness](#) on 11 March 2025.

In this context, and as outlined in the [2026 Commission work programme](#), the Commission intends to propose an Omnibus on taxation by the second quarter of 2026 with the aim to streamline, enhance and clarify the corporate tax directives ([Interest and Royalties Directive](#) (Council Directive 2003/49/EC), the [Tax Merger Directive](#) (Council Directive 2009/133/EC), the [Parent-Subsidiary Directive](#) (Council Directive 2011/96/EU)), the [Anti-Tax Avoidance Directive](#) (Council Directive (EU) 2016/1164) and the [Tax Dispute Resolution Mechanisms Directive](#) (Council Directive 2017/1852).

The corporate tax directives aim to eliminate double taxation on cross-border dividend, interest and royalty payments and to ensure tax neutrality for cross-border corporate reorganisations. The Anti-Tax Avoidance Directive seeks to prevent aggressive tax planning within the EU, and, in turn, the Tax Dispute Resolution Mechanisms Directive aims to ensure effective resolution of cross-border tax disputes. The broad objectives of these critical Directives remain valid, although the means and detailed rules through which these objectives are to be met may require adjustments to adapt to a changing tax landscape, as well as economic and market developments.

Problem the initiative aims to tackle

The adoption of the Interest and Royalties Directive, the Tax Merger Directive, the Parent-Subsidiary Directive and the Anti-Tax Avoidance Directive represented significant achievements for the EU. However, since their adoption, the legal and economic landscape has significantly evolved, both in the EU and internationally

The feedback collected through the Call for Evidence for the evaluation of the Anti-Tax Avoidance Directive¹, together with targeted consultations carried out by an external contractor (ATAD study), identify a series of problems which emerged in the numerous consultations in a recurrent and consistent manner. Certain provisions of the Anti-Tax Avoidance Directive may require revision, particularly in light of the implementation of a Global Minimum Tax through the Pillar 2 Directive, as well as of significant changes in the broader economic landscape, now characterised by rising interest rates and high inflation. For example, the **Controlled Foreign Company rules** partially overlap with Pillar 2 rules, which could lead to instances of economic double taxation and create unnecessary administrative

¹ The evaluation of the Anti-Tax Avoidance Directive is expected to be published by Q2 2026.

burdens. Furthermore, the **Interest Limitation Rule** does not appear to adequately address earnings volatility that may arise from an entity's life cycle or from broader economic conditions, nor does it adequately reflect sector-specific characteristics. Consequently, an entity's ability to deduct interest expenses may be restricted beyond the intended purpose of the Directive. Lastly, the scope of the **General Anti-Abuse Rule** may require review to ensure that it is broad enough to cover all relevant direct taxes. These provisions of the current Directive should be reconsidered and adjusted to remain both relevant to the market and economic circumstances over time. They should be addressed in a harmonised manner across the EU, while retaining the overall purpose and key objectives of the Directive, which remain relevant.

Regarding the corporate tax directives, the Commission Services have carried out a large number of detailed targeted consultations on all technical elements of these directives. To date, the consultations have involved both Member States and around 50 multinational groups of companies and business associations. This extensive evidence-seeking exercise has led to an outcome that allows for the clear identification of widely shared concerns.

The corporate tax directives include options for implementation at national level in several instances and this flexibility has created a **fragmented EU landscape**, as Member States took differing options in transposition. Taxpayers claim the burden results from a need to navigate through divergent rules, which are often subject to varying interpretations. This situation creates significant direct administrative costs and generates legal uncertainty. The different **material scope** of the Parent-Subsidiary and the Interest and Royalties Directives have also contributed to a fragmented landscape, affecting business structuring. In addition, the scope of the Tax Merger Directive is no longer aligned with that of the Merger Directive under company law, creating undesired mismatches and undermining the competitiveness of the EU Single Market. This framework does not encourage cross-border economic activity and undermines the effectiveness of the corporate tax directives.

Moreover, **procedural requirements** for accessing the benefits of the Parent-Subsidiary and Interest and Royalties Directives vary substantially between Member States. According to the stakeholders consulted, in some jurisdictions, the procedures are so burdensome that they may discourage taxpayers from relying on the Directives, which ultimately influences how businesses structure their operations. This high administrative burden clearly undermines the efficiency of the legal framework set out in the Directives.

Finally, the rules laid down in the Tax Dispute Resolution Mechanisms Directive have given rise to certain specific interpretative uncertainties that hinder its effective application. These ambiguities have led to inconsistent implementation of the Directive and appear to discourage stakeholders from making use of this Directive in practice.

Basis for EU action (legal basis and subsidiarity check)

Legal basis

Article 115 TFEU enables the Commission to propose directives for the approximation of national laws of the Member States to ensure the proper functioning of the single market. In its capacity as decision-making body under the Treaties, the Council must adopt and issue these directives, acting unanimously in accordance with the special legislative procedure and after consulting the European Parliament and the Economic and Social Committee.

Practical need for EU action

The Interest and Royalties Directive, the Tax Merger Directive, the Parent-Subsidiary Directive and the Anti-Tax Avoidance Directive are key Union initiatives which are intended to ensure that there is a coherent, consistent and comprehensive Union-wide approach to preventing double taxation and tax avoidance. The Anti-Tax Avoidance Directive and the Tax Dispute Resolution Directive were the most recent to be enacted and came into application in 2019 (for most of its elements, as far as the Anti-Tax Avoidance Directive is concerned). Meanwhile, the other three Directives have been in force since the 1990s and 2000s,

Given this context, a common EU approach to amending the existing EU acquis is not only necessary for the rules to achieve their objectives but also the most appropriate way forward to address the issues that have been identified. All these Directives have a cross-border dimension. It is therefore necessary that any proposals relating to them balance divergent interests within the internal market and take a holistic approach in order to identify common objectives and solutions. The policy objectives of these Directives, notably tackling aggressive tax practices and preventing double taxation, remain relevant and cannot be sufficiently achieved through action undertaken by each Member State acting on its own. Such an individual, Member State drive approach would in fact only replicate and worsen fragmentation in the internal market and perpetuate inefficiencies and distortions, as companies would have to navigate a patchwork of distinct measures. Given the objective is to adopt solutions that function for the internal market as whole and provide for a more facile operating environment that would support the competitiveness of companies operating in the EU's Single Market, the appropriate way forward involves coordinated initiatives at the level of the EU. EU action would also offer added value by enabling Member States to collectively streamline, enhance and clarify tax rules, ensuring a level playing field across EU Member States and facilitating business operations across the internal market. An EU approach would simplify processes and reduce the administrative

burden on businesses, without undermining those policy objectives that remain relevant and necessary of the initiatives involved.

B. Objectives and policy options

The general objective of the initiative is to simplify the existing EU legal direct taxation framework and support the enhancement of competitiveness in the internal market, without undermining the important policy objectives of the Directives concerned (i.e., eliminate double taxation of profits, interest and royalty cross-border payments; ensure tax neutrality for cross-border corporate reorganisations; protect the internal market against aggressive tax planning; and ensure effective resolution of cross-border tax disputes). This will involve:

- reducing unnecessary reporting and compliance burden;
- eliminating outdated and overlapping tax rules;
- simplifying tax legislation with the objective to improve competitiveness in the internal market;
- clarifying concepts in tax legislation;
- streamlining and improving the application of tax rules, procedures and reporting requirements.

The proposed policy options may involve legislative amendments in the following legal instruments:

1. The Controlled Foreign Company rule under the Anti-Tax Avoidance Directive - to eliminate overlaps with Pillar 2. In addition, there is a need to rectify the current fragmentation in the implementation of the rule by Member States, which is the result of the various available options to this effect.
2. The Interest Limitation Rules under the Anti-Tax Avoidance Directive - to address the procyclical effect of the rule, inflation effects, and consider the concerns of sectors that usually have high levels of legitimate leverage, as well as the needs of small and medium enterprises. This also includes considerations of streamlining the rules.
3. The scope of the Parent-Subsidiary Directive, the Interest Royalty Directive and the Tax Merger Directive - to improve the efficiency of these Directives and, by extension, of the internal market.
4. The procedural rules to obtain the benefits of the Parent-Subsidiary Directive and the Interest Royalty Directive, with the aim of reducing the administrative burden and compliance costs for businesses and consequently enhancing the overall current functioning of the Directives.
5. Very limited and targeted amendments to the Tax Dispute Resolution Mechanisms Directive, in particular the provisions regarding the admission phase, to remove ambiguities, ensure its consistent application across Member States and facilitate its use for taxpayers and tax administrations alike.

C. Likely impacts

This initiative intends to simplify existing rules and enhance the business environment by, among others, **reducing the administrative burden for businesses**. In particular, this initiative should significantly reduce compliance costs for taxpayers, by allowing them to benefit from standardised procedures, more harmonised substantive provisions and rules, and an enhanced level of legal certainty. Simultaneously, this initiative will strengthen the current corporate taxation framework in such a manner that **improves its current functioning and can enhance the EU's competitiveness**. In terms of fiscal impact, the envisaged measures aim to be tax neutral for taxpayers and will not lead to any material redistribution of tax revenues between Member States.

D. Better regulation instruments

Impact assessment

The Commission will carry out an impact assessment to support the preparation of this initiative and to inform the Commission's policy options to solve the identified problems. It will provide a detailed analysis of the problems to address and the objectives to pursue. The likely impacts of the policy options will be assessed both in quantitative and qualitative terms, including their expected costs and benefits. In the impact assessment, the Commission will consider a range of policy measures.

Consultation strategy

Given the nature of the initiative, no public consultation is planned. The Commission Services have, however, carried out a large number of targeted consultations on all technical elements of the Directives in-scope over the course of the past year, including conducting a specific study on the ATAD which incorporated detailed exchanges with Member States. These consultations involved all Member States (in a bilateral and multilateral context) and around 50 multinational groups of companies and business associations. The comprehensive output that emerged from this process of analysis and extensive stakeholder consultations will feed into the Omnibus proposal and inform the policy choices therein. In addition, relevant stakeholders can provide their views, evidence and experience regarding the

abovementioned Directives through this Call for Evidence. The feedback collected will inform the preparation of the Taxation Omnibus proposal, ensuring that it is fit for purpose.
Why we are consulting?
The aim of this Call for Evidence is to gather feedback on the problem and the need to act, and collect evidence on issues such as administrative costs, burdensome procedures, outdated and overlapping rules and any lack of clarity or divergences in the interpretation of rules.
Target audience
All stakeholders concerned are invited to share their views, including Member States and public authorities, business associations, multinational enterprise groups, SME groups, non-governmental and civil society organisations, and academia.