



TEXTS ADOPTED

P10_TA(2025)0268

Business in Europe: Framework for Income Taxation (BEFIT)

European Parliament legislative resolution of 13 November 2025 on the proposal for a Council directive on Business in Europe: Framework for Income Taxation (BEFIT) (COM(2023)0532 - C9-0341/2023 - 2023/0321(CNS))

(Special legislative procedure - consultation)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2023)0532),
 - having regard to Article 115 of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament (C9-0341/2023),
 - having regard to the budgetary assessment by the Committee on Budgets,
 - having regard to the reasoned opinions submitted, within the framework of Protocol No 2 on the application of the principles of subsidiarity and proportionality, by the Swedish Parliament, the Maltese Parliament, and the Irish Houses of the Oireachtas, asserting that the draft legislative act does not comply with the principle of subsidiarity,
 - having regard to Rules 84 and 58 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A10-0194/2025),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, in accordance with Article 293(2) of the Treaty on the Functioning of the European Union;

3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
4. Asks the Council to consult Parliament again if it intends to substantially amend the Commission proposal;
5. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a directive Recital 1

Text proposed by the Commission

(1) Within the Union there is currently no common approach to the computation of the taxable base for businesses. Therefore, Union businesses are obliged to comply with a different corporate tax system in each Member State in which they operate.

Amendment

(1) Within the Union there is currently no common approach to the computation of the taxable base for businesses. Therefore, Union businesses are obliged to comply with a different corporate tax system in each Member State in which they operate. ***For example, in 2023, according to the 2024 Annual Report on Taxation, statutory corporate tax rates varied between Member States from 10 % to 31,5 % (and from 9 % to 29 %, taking into account the tax support schemes put in place by governments).***

Amendment 2

Proposal for a directive Recital 2

Text proposed by the Commission

(2) The existence of 27 different corporate income tax systems in the Union gives rise to complexity in tax compliance and leads to unfair competition for businesses. That has become more evident as

Amendment

(2) The existence of 27 different corporate income tax systems in the Union gives rise to complexity in tax compliance and leads to unfair competition for businesses, ***and can lead to double***

globalisation and digitalisation of the economy have significantly altered the perception of land borders and business models. As governments have tried to adapt to that new reality, a fragmented response among Member States has led to further distortions in the internal market. The various legal frameworks inevitably lead to different tax administration practices across the Member States as well. This often entails long procedures characterised by unpredictability and inconsistency along with high compliance costs.

taxation, tax avoidance and double non-taxation.

According to the 2024 Annual Report on Taxation, revenue losses due to corporate profit shifting were estimated at 20 % of all corporate tax revenues collected in 2022 in the Union, which would amount to around EUR 100 billion in nominal value. Those phenomena have

become more evident as globalisation and digitalisation of the economy have significantly altered the perception of land borders and business models. As governments have tried to adapt to that new reality, a fragmented response among Member States has led to further distortions in the internal market. The various legal frameworks inevitably lead to different tax administration practices across the Member States as well. This often entails long procedures characterised by unpredictability and inconsistency along with high compliance costs, which can impact cross-border investments. Such complexity can hinder businesses' expansion in the internal market, with further negative impacts on innovation, competitiveness and jobs.

Therefore, a common approach is necessary, not only to ensure fair and effective taxation, but also to strengthen the integrity and competitiveness of the companies that are active on the internal market.

Amendment 3

Proposal for a directive Recital 3

Text proposed by the Commission

(3) Albeit different in their design, the fundamental features of corporate income tax systems are similar as they lay down rules aiming towards the same objective, i.e., to arrive at a taxable base for businesses. In this vein, it would be important for businesses which operate on the internal market that Member States introduce a common legal framework to harmonise the fundamental features of corporate income tax systems with a view to simplifying tax rules and ensuring a fair competition.

Amendment

(3) Albeit different in their design, the fundamental features of corporate income tax systems are similar as they lay down rules aiming towards the same objective, i.e., to arrive at a taxable base for businesses. In this vein, ***to support the proper functioning of the internal market, the corporate tax environment in the Union should be shaped according to the principle that companies pay their fair share of tax in the jurisdiction(s) where their profits are generated.***

Therefore, it would be important for businesses which operate on the internal market that Member States introduce a common legal framework to harmonise the fundamental features of corporate income tax systems with a view to simplifying tax rules, reducing administrative burden, ensuring a fair competition, enhancing legal certainty for companies operating across borders, and fighting tax avoidance. The scope of such harmonisation should be strictly limited to the criteria and entities referred to in this Directive, while the tax rate and enforcement policies remain with Member States, within the framework of Council Directive (EU) 2022/2523^{1a}.

1a. Council Directive (EU) 2022/2523 of 15 December

2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (OJ L 328, 22.12.2022, p. 1, ELI: <http://data.europa.eu/eli/dir/2022/2523/oj>).

Amendment 4

Proposal for a directive Recital 3 a (new)

Text proposed by the Commission

Amendment

(3a) Harmonising the corporate tax base through a common set of rules improves transparency, thereby fostering a fairer and healthier tax environment within the Union, which is underpinned in particular by the entry into force of Directive (EU) 2022/2523 on a global minimum level of taxation, and contributes to strengthening the Union's overall competitiveness as well as the Union's commitment to internationally agreed standards.

Amendment 5

Proposal for a directive Recital 4 a (new)

Text proposed by the Commission

Amendment

(4a) To ensure legal certainty and avoid excessive administrative burdens on multinational enterprise groups, this Directive should

aim for coherence with international tax developments, in particular those pursued by the OECD/G20 Inclusive Framework, including Pillar One and Pillar Two, while also taking into account the positions adopted by key international partners and Member States, including decisions to uphold or exempt themselves from agreed commitments. The Union should in any case retain sufficient flexibility to determine its own allocation mechanism, where necessary, in order to reduce compliance burdens and mitigate the risk of double or multiple taxation.

Amendment 6

Proposal for a directive Recital 4 b (new)

Text proposed by the Commission

Amendment

(4b) The Commission and the Member States should ensure the coherence and alignment of this Directive with the OECD/G20 Model Rules and with Directive (EU) 2022/2523. Wherever possible, the Commission and Member States should interpret concepts in this Directive in light of the principles and rules set out in Directive (EU) 2022/2523.

Amendment 7

Proposal for a directive Recital 5

Text proposed by the Commission

(5) The environment for doing business in the internal market should be made more attractive with the aim to stimulate growth and investment in the Union. For this purpose, the enactment of a common framework of corporate tax rules should be prioritised, in order to make it easier for businesses to comply with such rules when they operate across borders and also to encourage those who wish to further expand abroad to do so. A single set of corporate tax rules for international activity is expected to result in enhanced tax certainty and less tax disputes, as it would tackle distortions and decrease the number of cases of double and over-taxation. Furthermore, as tax revenue sustainability is key to Member States' budgets, including to invest in infrastructure, research and development and to deliver public services, it would be critical to ensure for the future that the allocation of revenues is performed in accordance with a tool based on solid parameters that cannot be abused.

Amendment

(5) The environment for doing business in the internal market should be made more attractive with the aim to stimulate growth and investment in the Union. For this purpose, the enactment of a common framework of corporate tax rules should be prioritised, in order to make it easier for businesses to comply with such rules when they operate across borders and also to encourage those who wish to further expand abroad to do so **and encourage entrepreneurship in the internal market.** A single set of corporate tax rules for international activity is expected to result in enhanced tax certainty and less tax disputes, as it would tackle distortions and decrease the number of cases of double taxation **and non-taxation. This further implies less opportunities to abuse some specific national tax provisions in a pan-European context.** Furthermore, as tax revenue sustainability is key to Member States' budgets, including to invest in infrastructure, research and development, **security and defence, and the green and social transitions** and to deliver public services, **especially for the most vulnerable households, it is essential to design profit determination rules in the Union that will not result in lower revenues for Member States. In addition,** it would be critical to ensure for the

future that the allocation of revenues is performed in accordance with a tool based on solid parameters that cannot be abused.

Amendment 8

Proposal for a directive Recital 7

Text proposed by the Commission

(7) Although the threshold would be determined on the basis of the combined revenues of the group on a global basis, the remit of the provisions should be limited to members of the group operating on the internal market as Union law only applies within the Union and does not bind non-Member States. Only the Union sub-set of such a group should therefore be captured. This would include companies which are resident for tax purposes in a Member State and their permanent establishments operating in a Member State as well as the permanent establishments in the Union of third country companies of the same group. ***Considering that the concept of a permanent establishment is dealt with within bilateral tax treaties and national law and although the definition features some common principles, there is still a degree of divergence worldwide. Consequently, it would be a pragmatic approach to rely on the existing double taxation treaties and national rules of the Member States, rather than attempt full***

Amendment

(7) Although the threshold would be determined on the basis of the combined revenues of the group on a global basis, the remit of the provisions should be limited to members of the group operating on the internal market as Union law only applies within the Union and does not bind non-Member States. Only the Union sub-set of such a group should therefore be captured. This would include companies which are resident for tax purposes in a Member State and their permanent establishments, ***including any significant economic presence,*** operating in a Member State as well as the permanent establishments in the Union of third country companies of the same group.

***harmonisation through
secondary Union law.***

Amendment 9

Proposal for a directive Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a) The Union should lead and actively participate in international discussions on making international corporate taxation fit for the future, including by promoting a form of harmonisation of rules and an allocation of the taxable base for large multinationals.

Amendment 10

Proposal for a directive Recital 8 a (new)

Text proposed by the Commission

Amendment

(8a) This Directive should lay down rules extending the concept of a permanent establishment so as to include a significant economic presence through which a business is wholly or partly carried on. The underlying objective is to improve the resilience of the internal market as a whole in order to address the challenges of taxation of the digital economy. The increased importance of services, accelerated by the digitalisation of the economy, has led to recent proposals, as embedded in the OECD/G20

Pillar One proposal, to define significant economic presence as a taxable nexus based on a purely quantitative threshold of sales in any given country in order to capture all sectors and ensure simplicity. That objective cannot be sufficiently achieved by the Member States acting individually, because digital businesses are able to operate cross-border without having any physical presence in a jurisdiction and rules are therefore needed to ensure that digital businesses pay taxes in the jurisdictions where they make profits, whether by providing services or selling products ('sales').

Amendment 11

Proposal for a directive Recital 8 b (new)

Text proposed by the Commission

Amendment

(8b) In order to provide for a robust definition of a taxable nexus of a business in a Member State, irrespective of whether the business is digital, it is necessary that such a definition is based on the revenues from any sales, including from the supplied digital services. The definition included in this Directive is identical to the definition agreed upon in the framework of the OECD/G20 Pillar One proposal, in order to ensure coherence between this Directive and that international framework. The Union should lead by example

in the international tax reform discourse, in order to provide certainty to taxpayers. Furthermore, in order to ensure consistency, the Commission may issue recommendations to support adaptations to the double tax conventions of Member States with non-Union jurisdictions, so as to ensure that the concept of a permanent establishment, including a significant economic presence, and the related profit attribution rules are applied in a manner consistent with internationally agreed standards.

Amendment 12

Proposal for a directive Recital 9

Text proposed by the Commission

(9) The objective of simplifying the current rules underscores the envisaged initiative. Therefore, the rules on the computation of the tax base should be built by applying a limited series of tax adjustments to the financial statements of each group member. These limited adjustments would represent common adjustments that are necessary to convert the financial accounting statements into a tax base. Considering the need for alignment with Directive (EU) 2022/2523, the adjustments should resonate with that framework, which should also facilitate implementation for Member States and businesses that would already be familiar

Amendment

(9) The objective of simplifying the current rules underscores the envisaged initiative, ***improving the efficiency and competitiveness of the internal market.*** Therefore, the rules on the computation of the tax base should be built by applying a limited series of tax adjustments to the financial statements of each group member. These limited adjustments would represent common adjustments that are necessary to convert the financial accounting statements into a tax base. Considering the need for alignment with Directive (EU) 2022/2523, the adjustments should resonate with that framework, which should also

with the general principles.

facilitate implementation for Member States and businesses that would already be familiar with the general principles. ***In that framework, the payment of top-up tax due in accordance with Directive (EU) 2022/2523 or in application of a qualified domestic top-up tax as referred to in that Directive, or any other alternative minimum tax recognised in an international forum such as the OECD, should be taken into consideration.***

Amendment 13

Proposal for a directive Recital 10

Text proposed by the Commission

(10) Given that, with the aim to bring simplification, the financial accounts will be used as a starting point for computing the tax base of each group member, it is necessary to draft tax rules in such a way that they stay as close as possible to financial accounting. In the cases where this is possible, the financial accounting treatment of an asset or liability would not change for the purpose of taxation and consequently, no adjustments would be required. Accordingly, it is also necessary that in line with the rationale of taxation, other elements of the tax base be treated for tax purposes in a different way compared to how they are qualified under financial accounting.

Amendment

(10) Given that, with the aim to bring simplification, the financial accounts will be used as a starting point for computing the tax base of each group member, it is necessary to draft tax rules in such a way that they stay as close as possible to financial accounting. In the cases where this is possible, the financial accounting treatment of an asset or liability would not change for the purpose of taxation and consequently, no adjustments would be required. Accordingly, it is also necessary that in line with the rationale of taxation, other elements of the tax base be treated for tax purposes in a different way compared to how they are qualified under financial accounting. ***In order to ensure consistency with international tax practices such as those under the Pillar Two***

framework, this Directive should allow greater flexibility in the choice of financial accounting standards used to determine the preliminary tax result.

Amendment 14

Proposal for a directive Recital 10 a (new)

Text proposed by the Commission

Amendment

(10a) In order to achieve the objective of a simplified tax framework and in order for this Directive to adequately complement Council Directive (EU) .../...^{1a+}, the rules laid down in this Directive on the deductibility of interest should align with the ones provided for in Directive (EU) .../...⁺⁺, where applicable.

^{1a} Council Directive (EU) .../... of ... on laying down rules on a debt-equity bias reduction allowance and on limiting the deductibility of interest for corporate income tax purposes (OJ L , ..., ELI: ...).

⁺ OJ: Please insert in the text the number of the Directive contained in document 2022/0154(CNS) and insert the number, name, date and OJ reference of that Directive in the footnote.

⁺⁺ OJ: Please insert in the text the number of the Directive contained in document 2022/0154(CNS).

Amendment 15

Proposal for a directive Recital 10 b (new)

Text proposed by the Commission

Amendment

(10b) To guarantee a minimal level of taxation of royalties, a royalties limitation rule for BEFIT group members should be introduced in accordance with the Subject to Tax Rule^{1a} as proposed by the OECD/G20 Inclusive Framework in Pillar Two.

^{1a} OECD (2023). Tax Challenges Arising from the Digitalisation of the Economy - Subject to Tax Rule (Pillar Two): Inclusive Framework on BEPS, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://doi.org/10.1787/9afd6856-en>.

Amendment 16

Proposal for a directive Recital 10 c (new)

Text proposed by the Commission

Amendment

(10c) A fairer taxation of passive income also requires robust Controlled Foreign Company (CFC) rules for BEFIT group members in order to make them more resilient against profit shifting.

Amendment 17

Proposal for a directive Recital 11 a (new)

Text proposed by the Commission

Amendment

(11a) In order to encourage investment, achieve a sustainable transition and enhance the Union's ability to prevent and respond to emerging threats and crises, Member States should adopt a targeted accelerated depreciation regime to incentivise companies to make the necessary investments to deliver on the twin transition and foster their resilience. That temporary regime should stimulate sustainable economic growth, create jobs, enhance the Union's security, including in the digital and energy sectors, and foster innovation in sustainable technologies. To operationalise those incentives and ensure a uniform approach across the internal market, the Commission should be mandated to adopt implementing acts.

Amendment 18

Proposal for a directive Recital 12

Text proposed by the Commission

Amendment

(12) To achieve the key objective of creating a simplified corporate tax framework, the preliminary tax results for each group member should be aggregated into one single common tax base, in order to subsequently allocate

(12) To achieve the key objective of creating a simplified corporate tax framework, the preliminary tax results for each group member should be aggregated into one single common tax base, in order to subsequently allocate

this base to eligible group members. The tax adjustments to the financial statements would produce preliminary tax results for each group member. These results would then be aggregated, which would allow for cross-border loss relief between BEFIT group members, and subsequently, the aggregated tax base would be allocated to group members based on a transition allocation rule; this would pave the way towards a permanent mechanism. **That** permanent mechanism **could** be based on a formulary apportionment **and** would render the need for intra-BEFIT group transactions to be consistent with the arm's length principle redundant. It would have the advantage of using more recent country-by-country reporting ('CbCR') data and the information gathered during the transition period. This will also allow for a more thorough assessment of the impact that the implementation of the two-pillar approach is expected to have on national tax bases and the BEFIT group tax bases. In this way, it would still become possible to materialise the key objective of tax neutrality in the internal market, which would reduce instances of double and **over-**taxation and enhance tax certainty with the aim of reducing the number of tax disputes.

this base to eligible group members. **Such a framework should be simple for businesses and should avoid imposing any new burden on them.** The tax adjustments to the financial statements would produce preliminary tax results for each group member. These results would then be aggregated, which would allow for **a capped** cross-border loss relief between BEFIT group members, and subsequently, the aggregated tax base would be allocated to group members based on a transition allocation rule; this would pave the way towards a permanent mechanism. **The** permanent mechanism **should** be based on a formulary apportionment, **including, but not limited to, four sets of tangible factors: labour, assets, sales and digital presence.** It would render the need for intra-BEFIT group transactions to be consistent with the arm's length principle redundant. It would have the advantage of using more recent country-by-country reporting ('CbCR') data and the information gathered during the transition period. This will also allow for a more thorough assessment of the impact that the implementation of the two-pillar approach is expected to have on national tax bases and the BEFIT group tax bases, **and therefore, reduce tax compliance costs for companies.** In this way, it would still become possible to materialise the key objective of tax neutrality in the internal market, which would reduce instances of double **taxation** and **double non-taxation** and enhance tax certainty with the

aim of reducing the number of tax disputes. ***In light of evolving international tax developments and the uncertain implementation of Pillar One by key jurisdictions, it is essential that the Union preserves the flexibility in its development of an autonomous, fair, and economically balanced allocation mechanism.***

Amendment 19

Proposal for a directive Recital 14

Text proposed by the Commission

(14) To provide space for growth and investment, Member States would also be allowed to individually apply additional post-allocation adjustments (e.g. tax treatment of pension contributions) in areas not covered by the common framework. Member States would also be free to further adjust their allocated share without a ceiling in order to ensure that Member States can make their national policy choices in this area. ***Most importantly, Directive (EU) 2022/2523 would effectively set a ceiling which would effectively ensure that the effective tax rate is at least 15%.***

Amendment

(14) To provide space for growth and investment, Member States would also be allowed to individually apply additional post-allocation adjustments (e.g. tax treatment of pension contributions) in areas not covered by the common framework. Member States would also be free to further adjust their allocated share without a ceiling in order to ensure that Member States can make their national policy choices in this area, ***for example to generate resource efficiency, stimulate investment and create jobs. Such additional adjustments may include deductions, allowances, tax credits or other national corporate income tax measures, including those promoting research and development or other policy objectives, provided that such measures apply only to the allocated share of the tax base and do***

not affect the consolidated tax base or the allocation mechanism under this Directive. The post-allocation adjustment should, however, focus on input-based tax incentives. Member States should refrain from offering output-based tax incentives such as patent boxes and other intellectual property regimes.

Amendment 20

Proposal for a directive Recital 14 a (new)

Text proposed by the Commission

Amendment

(14a) The Commission and the Member States should ensure the coherence and alignment of this Directive with the OECD/G20 Model Rules and with Directive (EU) 2022/2523, in particular as regards the calculation of the effective tax rate on a country-by-country basis, which could be undermined by the cross-border loss relief between BEFIT group members envisaged in this Directive. That dimension should be assessed in the revision of this Directive.

Amendment 21

Proposal for a directive Recital 15

Text proposed by the Commission

Amendment

(15) Some Member States operate corporate tax systems which are built on principles that

(15) Some Member States operate corporate tax systems which are built on principles that

differ from the most common approach, such as distribution-based tax systems. It is therefore of prime importance to put in place the necessary adjustments, in order to ensure a workable interaction with those systems. The solution could be sought in certain post-allocation adjustments. These would entail that the part which would be allocated to a group member under a distribution-based system has to be modified in proportion to the distributions made during the fiscal year. The essence of a distribution-based tax system would be fully retained, considering that the distribution marks a timing point for taxing the allocated part and accordingly determine how much of this would need to be taxed. In this regard, it should be envisaged to operate a carry-forward mechanism, to ensure that the allocated part which is not taxed in the current year would be taxable in the following years.

differ from the most common approach, such as distribution-based tax systems. It is therefore of prime importance to put in place the necessary adjustments, in order to ensure a workable interaction with those systems ***and not to introduce a contradiction between the two systems, which would discourage business creation.*** The solution could be sought in certain post-allocation adjustments. These would entail that the part which would be allocated to a group member under a distribution-based system has to be modified in proportion to the distributions made during the fiscal year. The essence of a distribution-based tax system would be fully retained, considering that the distribution marks a timing point for taxing the allocated part and accordingly determine how much of this would need to be taxed. In this regard, it should be envisaged to operate a carry-forward mechanism, to ensure that the allocated part which is not taxed in the current year would be taxable in the following years. ***The possible inclusion of distribution-based tax systems within the scope of this Directive should be assessed after 5 years.***

Amendment 22

Proposal for a directive Recital 17

Text proposed by the Commission

(17) A common framework for corporate taxation would necessarily feature an

Amendment

(17) A common framework for corporate taxation would necessarily feature an

administration system, which should ideally provide for a degree of tax certainty and simplification. To promote uniformity, the administration system would have to build on the importance of operating a centralised point of reference for dealing with a number of common issues, such as an Information Return for the entire group, and ensuring an adequate degree of coordination and collaboration amongst national tax administrations. At the same time, the administration system should fully respect national tax sovereignty as local tax returns, audits and dispute settlement would have to remain primarily at the level of the Member States.

administration system, which should ideally provide for a degree of tax certainty and simplification. To promote uniformity, the administration system would have to build on the importance of operating a centralised point of reference for dealing with a number of common issues, such as an Information Return for the entire group, and ensuring an adequate degree of **confidentiality and security, as well as** coordination and collaboration amongst national tax administrations. At the same time, **during the transition**, the administration system should fully respect national tax sovereignty as local tax returns, audits and dispute settlement would have to remain primarily at the level of the Member States.

Amendment 23

Proposal for a directive Recital 18

Text proposed by the Commission

(18) To ensure that the rules of the common framework are implemented and enforced correctly, Member States should lay down rules on penalties applicable to infringements of national provisions adopted pursuant to this Directive. Such penalties should be effective, proportionate and dissuasive.

Amendment

(18) To ensure that the rules of the common framework are implemented and enforced correctly, Member States should lay down rules on penalties applicable to infringements of national provisions adopted pursuant to this Directive. Such penalties should be effective, proportionate and dissuasive.

Those penalties should be set at a minimum rate of 0,1 % of the turnover of the BEFIT group in case of failure to file the BEFIT information return accordingly and in case of deliberate misreporting in a

BEFIT information return.

Amendment 24

Proposal for a directive

Recital 18 a (new)

Text proposed by the Commission

Amendment

(18a) A key pillar for improving corporate tax compliance is the establishment of a comprehensive one-stop-shop system that enables businesses to fulfil their tax obligations across Member States through a single, streamlined interface, thereby reducing administrative burdens, ensuring consistent enforcement, and enhancing legal certainty in the internal market.

Amendment 25

Proposal for a directive

Recital 19

Text proposed by the Commission

Amendment

(19) To optimise the benefits of having a common legal framework for computing the corporate tax base in the internal market, the application of the rules should be optional for groups, including SME groups, who earn annual combined revenues of less than EUR 750 000 000 as long as they prepare consolidated financial statements and have a taxable presence in the Union. By keeping the application of the rules open to groups of a smaller size, more

(19) To optimise the benefits of having a common legal framework for computing the corporate tax base in the internal market, the application of the rules should be optional for groups, including SME groups, who earn annual combined revenues of less than EUR 750 000 000 as long as they prepare consolidated financial statements and have a taxable presence in the Union. By keeping the application of the rules open to groups of a smaller size, more

groups with cross-border structures and activities may benefit from the simplification that the common framework offers.

groups with cross-border structures and activities may benefit from the simplification that the common framework offers. ***Companies choosing to be covered by this Directive should benefit from Member State and Commission technical assistance to comply with the new rules and thereby foster their cross-border activities.***

Amendment 26

Proposal for a directive Recital 21 a (new)

Text proposed by the Commission

Amendment

(21a) To guarantee efficient cooperation among BEFIT teams, Member States should dedicate adequate human resources to the BEFIT team, including by providing content and language training to the BEFIT team representatives and by relying on the FISCALIS programme.

Amendment 27

Proposal for a directive Recital 21 b (new)

Text proposed by the Commission

Amendment

(21b) The Commission should, where appropriate, submit a legislative proposal for a harmonised, common European taxpayer identification number. This would not only facilitate the communication between the representatives of Member

***States and the BEFIT team,
but also increase the
efficiency of tax information
exchange within the Union.***

Amendment 28

Proposal for a directive Recital 25 a (new)

Text proposed by the Commission

Amendment

(25a) In line with the legally binding roadmap on new own resources set out in the Interinstitutional Agreement of 16 December 2020 and the 2021 Commission Communication "An adjusted package for the next generation of own resources", part of the revenues generated through the application of this Directive may be allocated to the general budget of the Union, in accordance with the applicable procedures under Council Decision (EU, Euratom) 2020/2053^{1a}.

^{1a} Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom (OJ L 424, 15.12.2020, p. 1; ELI: <http://data.europa.eu/eli/dec/2020/2053/oj>).

Amendment 29

Proposal for a directive

Article 1 - paragraph 2 - point e a (new)

Text proposed by the Commission

Amendment

(ea) extending the concept of a permanent establishment, to include a significant economic presence through which a business is wholly or partly carried on.

Amendment 30

Proposal for a directive

Article 2 - paragraph 8

Text proposed by the Commission

Amendment

8. The Commission shall be empowered to adopt delegated acts in accordance with Article 74 to amend Annexes I and II ***to take account of*** changes to the laws of the Member States concerning company forms and corporate taxes.

8. The Commission shall be empowered to adopt delegated acts in accordance with Article 74 to amend Annexes I and II ***strictly to reflect*** changes to the laws of the Member States concerning company forms and corporate taxes.

Amendment 31

Proposal for a directive

Article 3 a (new)

Text proposed by the Commission

Amendment

Article 3a

Significant economic presence

1. For the purposes of corporate tax, a permanent establishment shall be deemed to exist if a significant economic presence exists through which a business is

wholly or partly carried on.

2. Paragraph 1 shall be in addition to, and shall not affect or limit the application of, any other test under Union or national law for determining the existence of a permanent establishment in a Member State for the purposes of corporate tax, whether specifically in relation to the supply of digital services or otherwise.

3. A significant economic presence shall be considered to exist in a Member State in a tax period if total revenues derived by a BEFIT group from that Member State exceed EUR 1 000 000.

4. The Commission shall, by means of implementing acts, lay down a detailed methodology for the sourcing rules to define the revenues. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 73.

5. The Commission may issue recommendations to support adaptations to the double tax conventions of Member States with non-Union jurisdictions, in order to ensure that the concept of a permanent establishment, including a significant economic presence, and the related profit attribution rules are applied in a manner consistent with internationally agreed standards.

Proposal for a directive
Article 5 - paragraph 1 - point a

Text proposed by the Commission

(a) the company is either the ultimate parent entity of the group or any other company of the group in which the ultimate parent entity holds, directly or indirectly, at least **75%** of the ownership rights or of the rights giving entitlement to profit;

Amendment

(a) the company is either the ultimate parent entity of the group or any other company of the group in which the ultimate parent entity holds, directly or indirectly, at least **50%** of the ownership rights or of the rights giving entitlement to profit;

Amendment 33

Proposal for a directive
Article 5 - paragraph 1 - point b

Text proposed by the Commission

(b) the head office of the permanent establishment is either the ultimate parent entity of the group or any other member (company or entity) of the group in which the ultimate parent entity holds, directly or indirectly, at least **75%** of the ownership rights or of the rights giving entitlement to profit.

Amendment

(b) the head office of the permanent establishment is either the ultimate parent entity of the group or any other member (company or entity) of the group in which the ultimate parent entity holds, directly or indirectly, at least **50%** of the ownership rights or of the rights giving entitlement to profit.

Amendment 34

Proposal for a directive
Article 7 - paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. Where it is not reasonably practicable to determine the financial accounting net income or loss of a constituent entity based on the acceptable financial accounting standard or authorised financial accounting standard used in the preparation of the

consolidated financial statements of the ultimate parent entity, the financial accounting net income or loss of the constituent entity for the fiscal year may be determined using another acceptable financial accounting standard or an authorised financial accounting standard, provided that:

(a) the financial accounts of the constituent entity are maintained on the basis of that accounting standard;

(b) the information contained in the financial accounts is reliable; and

(c) permanent differences in excess of EUR 1 000 000 that arise from the application of a particular principle or standard to items of income or expense or transactions, where that principle or standard differs from the financial standard used in the preparation of the consolidated financial statements of the ultimate parent entity, are adjusted to comply with the treatment required for that item under the accounting standard used in the preparation of the consolidated financial statements.

Amendment 35

Proposal for a directive Article 13 a (new)

Text proposed by the Commission

Amendment

Article 13a

Royalties limitation rule

The financial accounting net income or loss of a BEFIT group member shall be adjusted to include any amounts of royalty costs and licence fee payments for which the corresponding income derived by the recipient BEFIT group member is subject to an effective tax rate below 9%, unless the recipient entity carries out substantive economic activity supported by staff, equipment, assets and premises, as evidenced by relevant facts and circumstances.

Amendment 36

Proposal for a directive Article 16 a (new)

Text proposed by the Commission

Amendment

Article 16a

Entertainment costs

The financial accounting net income or loss of a BEFIT group member shall be adjusted to include 50% of the amount of expenses accrued for entertainment costs.

Amendment 37

Proposal for a directive Article 20 - paragraph 1 - introductory part

Text proposed by the Commission

Amendment

The financial accounting net income or loss of a BEFIT group member shall be adjusted ***to exclude the following:***

The financial accounting net income or loss of a BEFIT group member shall be adjusted ***in accordance with Article 16(1),***

point (e), of Directive (EU) 2022/2523.

Amendment 38

Proposal for a directive Article 20 - paragraph 1 - point a

Text proposed by the Commission

Amendment

(a) the amount of any unrealised foreign currency exchange gain or loss in relation to fixed assets and liabilities;

deleted

Amendment 39

Proposal for a directive Article 20 - paragraph 1 - point b

Text proposed by the Commission

Amendment

(b) the amount of any provision recorded for unrealised foreign currency exchange loss.

deleted

Amendment 40

Proposal for a directive Article 21 a (new)

Text proposed by the Commission

Amendment

Article 21a

Controlled foreign companies

1. The financial accounting net income or loss of a BEFIT group member shall be adjusted to include the non-distributed income of an entity or permanent establishment treated as a controlled foreign company as referred to in Article 7(1) of Directive (EU) 2016/1164, which is derived

from the following categories:

(i) interest or any other income generated by financial assets;

(ii) royalties or any other income generated from intellectual property;

(iii) dividends and income from the disposal of shares;

(iv) income from financial leasing;

(v) income from insurance, banking and other financial activities;

(vi) income from invoicing companies that earn sales and services income from goods and services purchased from and sold to associated enterprises, and add no or little economic value.

The first subparagraph shall not apply where the controlled foreign company carries out a substantive economic activity supported by staff, equipment, assets and premises, as evidenced by relevant facts and circumstances.

Where the controlled foreign company is resident or situated in a third country that is not a member of the EEA, Member States may decide to refrain from applying this paragraph.

2. The income to be included in the tax base shall be calculated in accordance with Article 8 of Directive (EU) 2016/1164.

Amendment 41

Proposal for a directive Article 22 - paragraph 1

Text proposed by the Commission

1. The financial accounting net income or loss of a BEFIT group member shall be adjusted to exclude in the fiscal year of acquisition any fixed tangible asset that has a book value before depreciation which is below EUR **5000**.

Amendment

1. The financial accounting net income or loss of a BEFIT group member shall be adjusted to exclude in the fiscal year of acquisition any fixed tangible asset that has a book value before depreciation which is below EUR **7500**.

Amendment 42

Proposal for a directive Article 22 - paragraph 2 - point a

Text proposed by the Commission

(a) all buildings as well as any other type of immovable property and structure in use for the business: **28** years;

Amendment

(a) all buildings as well as any other type of immovable property and structure in use for the business, **with the exception of industrial buildings and structures: 30** years;

Amendment 43

Proposal for a directive Article 22 - paragraph 2 - point a a (new)

Text proposed by the Commission

Amendment

(aa) industrial buildings and structures: 25 years;

Amendment 44

Proposal for a directive

Article 22 - paragraph 2 - point b

Text proposed by the Commission

(b) all other fixed tangible assets: their useful life as assessed in accordance with the acceptable accounting standard in the Union referred to in Article 7;

Amendment

(b) all other fixed tangible assets: their useful life as assessed in accordance with the acceptable accounting standard in the Union referred to in Article 7, **but with a minimum of 10 years;**

Amendment 45

Proposal for a directive

Article 22 a (new)

Text proposed by the Commission

Amendment

Article 22a

Accelerated depreciation rules

1. By way of derogation from Article 22, fixed tangible assets acquired by BEFIT group members in the following categories shall be subject to accelerated depreciation by Member States:

a) assets that contribute directly to the Union's climate and social goals, in particular the enhancement of clean technology, energy efficiency and digitalisation;

b) assets that contribute directly to the attainment of the UN 2030 Sustainable Development Goals;

c) assets that contribute directly to the enhancement of the Union's defence, notably its ability to prevent and respond to emerging threats

and crises, in accordance with the Preparedness Union Strategy.

2. The Commission shall, by means of implementing act, lay down the necessary framework and criteria to operationalise paragraph 1, including the categories of assets eligible for accelerated depreciation. Every 5 years, the Commission shall conduct an assessment of the accelerated depreciation regime in paragraph 1, analysing, in particular whether the measures:

- a) are fit for purpose,***
- b) are a cost-effective way to achieve their policy objectives,***
- c) have any negative or unexpected implications.***

Following the assessment referred to in the first subparagraph, the Commission shall update the implementing act every 5 years, where deemed necessary. Implementing acts under this Article shall be adopted in accordance with the examination procedure referred to in Article 73.

3. By ... [3 months after the date of entry into force of this Directive], Member States shall inform the Commission on their existing accelerated depreciation rules at national level, referred to in paragraphs 1 and 2 of this Article, in accordance with the obligation referred to in Article 48(2). Member States shall also supply to the Commission all the information necessary to carry

out the assessment referred to in paragraph 2 of this Article.

4. Member States shall inform the Commission on their new accelerated depreciation rules 6 months prior to their entry into force at national level and in accordance with the obligation in Article 48(2).

Amendment 46

Proposal for a directive Article 23 - paragraph 5 a (new)

Text proposed by the Commission

Amendment

5a. Member States shall not grant further entitlements to depreciate to a BEFIT group member other than those specified in this Section.

Amendment 47

Proposal for a directive Article 25 - paragraph 1

Text proposed by the Commission

Amendment

1. Acquisition costs, construction costs or improvement costs, together with the date of entry into use after acquisition, construction or improvement, shall be recorded in a fixed asset register for each fixed asset separately.

1. Acquisition costs, construction costs or improvement costs, together with the date of entry into use after acquisition, construction or improvement, shall be recorded in a fixed asset register ***within the BEFIT group*** for each fixed asset separately.

Amendment 48

Proposal for a directive

Article 25 - paragraph 3 - introductory part

Text proposed by the Commission

3. The fixed asset register shall be kept in a manner that provides sufficient information, including depreciation data, to calculate the preliminary tax result **and** shall include at least the following information:

Amendment

3. The fixed asset register shall be kept in a manner that provides sufficient information, including depreciation data, to calculate the preliminary tax result. **A copy of the fixed asset register shall be kept by the BEFIT group for 5 years from the date that the depreciation of such asset ceased. The fixed asset register** shall include at least the following information:

Amendment 49

Proposal for a directive

Article 38

Text proposed by the Commission

Where a company or a permanent establishment enters a BEFIT group, any unrelieved losses incurred before the entry date, in accordance with the corporate tax law of the Member State of its tax residence or location respectively, shall be deducted from its share of the BEFIT tax base as determined in accordance with Chapter III.

Amendment

Where a company or a permanent establishment enters a BEFIT group, any unrelieved losses incurred **up to five years** before the entry date, in accordance with the corporate tax law of the Member State of its tax residence or location respectively, shall be deducted from its share of the BEFIT tax base as determined in accordance with Chapter III.

Amendment 50

Proposal for a directive

Article 41 - paragraph 1 - subparagraph 1

Text proposed by the Commission

Notwithstanding Article 9, where, as a result of a disposition of

Amendment

Notwithstanding Article 9, where, as a result of a disposition of

shares, a BEFIT group member leaves the BEFIT group and during that or the previous fiscal year, this BEFIT group member acquired, in an intra-BEFIT group transaction, one or more fixed assets, **an** amount corresponding to the gain or loss arising from the intra-BEFIT group disposition of these fixed assets shall be included in the financial accounting net income or loss of the BEFIT group member which owned the assets prior to the intra-BEFIT group disposition.

shares, a BEFIT group member leaves the BEFIT group and during that or the previous fiscal year, this BEFIT group member acquired, in an intra-BEFIT group transaction, one or more fixed assets, **the** amount corresponding to the gain or loss arising from the intra-BEFIT group disposition of these fixed assets shall be included in the financial accounting net income or loss of the BEFIT group member which owned the assets prior to the intra-BEFIT group disposition.

Amendment 51

Proposal for a directive

Article 41 - paragraph 1 - subparagraph 2

Text proposed by the Commission

The first subparagraph shall not apply if the BEFIT group member demonstrates that the intra-BEFIT group transaction was carried out for valid commercial reasons.

Amendment

The first subparagraph shall not apply if the BEFIT group member demonstrates that the intra-BEFIT group transaction was carried out for valid commercial reasons ***within the meaning of Article 15(1), point (a), of Directive 2009/133/EC.***

Amendment 52

Proposal for a directive

Article 42 - paragraph 2 - point b

Text proposed by the Commission

(b) a negative amount, the loss shall be carried forward and ***shall be*** set off against the next positive BEFIT tax base.

Amendment

(b) a negative amount, the loss shall ***be set off against the taxable income of the ultimate parent entity and shall*** be carried forward ***for a maximum of 5 years*** and set off against the next positive BEFIT tax base. ***The deduction shall be in***

proportion to the holding of the ultimate parent entity in its qualifying subsidiaries as referred to in Article 3(1) and in full for permanent establishments. The reduction of the tax base of the resident taxpayer shall not result in a negative amount.

Amendment 53

Proposal for a directive Article 43 - paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The Commission shall provide clear and harmonised criteria for determining beneficial ownership. Those criteria shall aim to ensure the consistent application of the exemption system, reduce legal uncertainty, and prevent abuse. The criteria shall be developed in consultation with Member States and aligned, where appropriate, with international standards.

Amendment 54

Proposal for a directive Article 45 - paragraph 1 - subparagraph 1

Text proposed by the Commission

Amendment

For each fiscal year between 1 July 2028 and 30 June **2035** at the latest (the 'transition period'), the BEFIT tax base shall be allocated to the BEFIT group members in accordance with the baseline allocation percentage.

For each fiscal year between 1 July 2028 and 30 June **2033** at the latest (the 'transition period'), the BEFIT tax base shall be allocated to the BEFIT group members in accordance with the baseline allocation percentage.

Amendment 55

Proposal for a directive

Article 45 - paragraph 1 - subparagraph 2

Text proposed by the Commission

For groups that become subject to this Directive after the end of the first fiscal year when this Directive starts to apply, the transition period referred to in the first subparagraph shall be terminated by 30 June **2035** at the latest.

Amendment

For groups that become subject to this Directive after the end of the first fiscal year when this Directive starts to apply, the transition period referred to in the first subparagraph shall be terminated by 30 June **2033** at the latest.

Amendment 56

Proposal for a directive

Article 45 - paragraph 3 - point a

Text proposed by the Commission

(a) low-risk zone: where the expense incurred, or the income earned, by a BEFIT group member from intra-BEFIT group transactions increase in a fiscal year by less than **10%** compared to the average expense or income of the previous three fiscal years from intra-BEFIT group transactions;

Amendment

(a) low-risk zone: where the expense incurred, or the income earned, by a BEFIT group member from intra-BEFIT group transactions increase in a fiscal year by less than **15%** compared to the average expense or income of the previous three fiscal years from intra-BEFIT group transactions;

Amendment 57

Proposal for a directive

Article 45 - paragraph 3 - point b

Text proposed by the Commission

(b) high-risk zone: where the expense incurred, or the income earned, by a BEFIT group member from intra-BEFIT group transactions increase in a fiscal year by **10%** or more compared to the average expense or income of

Amendment

(b) high-risk zone: where the expense incurred, or the income earned, by a BEFIT group member from intra-BEFIT group transactions increase in a fiscal year by **15%** or more compared to the average expense or income of

the previous three fiscal years from intra-BEFIT group transactions.

the previous three fiscal years from intra-BEFIT group transactions.

Amendment 58

Proposal for a directive Article 45 - paragraph 5

Text proposed by the Commission

5. Notwithstanding Article 13(2), the exceeding borrowing costs as referred to in Article 2 of Council Directive (EU) 2016/1164 which arise from a transaction between BEFIT group members shall not be recognized for the purpose of computing the baseline allocation percentage of the BEFIT group member which incurs such costs.

Amendment

5. Notwithstanding Article 13(2), the exceeding borrowing costs as referred to in Article 2 of Council Directive (EU) 2016/1164 which arise from a transaction between BEFIT group members shall not be recognized for the purpose of computing the baseline allocation percentage of the BEFIT group member which incurs such costs. **Member States shall take appropriate measures to encourage undertakings to reduce those risks.**

Amendment 59

Proposal for a directive Article 45 - paragraph 9

Text proposed by the Commission

9. The Commission shall carry out a comprehensive review of the transition rule as part of which it shall prepare a study on the possible composition and weight of selected formula factors and submit a report to the Council by the end of the third fiscal year during the transition period referred to in paragraph 1. If the Commission deems it

Amendment

deleted

appropriate, taking into account the conclusions of this report, it may adopt a legislative proposal during the transition period, to amend this Directive by introducing a method for the allocation of the BEFIT tax base using formulary apportionment and based on factors.

Amendment 60

Proposal for a directive Article 45 - paragraph 10

Text proposed by the Commission

10. The rules laid down in paragraphs 1 to 8 shall continue to apply until any amendment ***thereof has come into effect.***

Amendment

10. The rules laid down in paragraphs 1 to 8 shall continue to apply until ***the entry into force of*** any amendment ***proposed pursuant to Article 77(1b).***

Amendment 61

Proposal for a directive Article 48 - paragraph 2

Text proposed by the Commission

2. In addition to the adjustments listed in paragraph 1, a Member State may allow for increasing or decreasing, through additional items, the allocated part of BEFIT group members that are resident for tax purposes or situated in the form of a permanent establishment in that Member State.

Amendment

2. In addition to the adjustments listed in paragraph 1, a Member State may, ***subject to Directive (EU) 2022/2523,*** allow for increasing or decreasing, through additional items, the allocated part of BEFIT group members that are resident for tax purposes or situated in the form of a permanent establishment in that Member State.

Amendment 62

Proposal for a directive Article 48 - paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. A Member State providing incentives for research and development shall refrain from offering output-based incentives, such as patent boxes, which would decrease the allocated part of BEFIT group members that are resident for tax purposes or situated in the form of a permanent establishment in that Member State.

Amendment 63

Proposal for a directive Article 48 - paragraph 2 b (new)

Text proposed by the Commission

Amendment

2b. In order to prevent double taxation arising from the interaction between this Directive and bilateral tax treaties with third countries, Member States shall, where applicable, provide corresponding adjustments in accordance with their treaty obligations. The Commission may facilitate coordination and, where appropriate, issue guidelines to promote a consistent application across Member States.

Amendment 64

Proposal for a directive Article 57 - paragraph 2

Text proposed by the Commission

2. The BEFIT information return shall be submitted to the filing authority no later than **four** months after the end of the fiscal year.

Amendment

2. The BEFIT information return shall be submitted to the filing authority no later than **six** months after the end of the fiscal year.

Amendment 65

Proposal for a directive Article 57 - paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. For the purposes of paragraph 3, point (d)(ii), all supporting documentation that was used to build the BEFIT tax base referred to in that provision shall be kept for 10 years in order to be made available to the competent authorities of all Member States in which the BEFIT group members are resident for tax purposes or situated in the form of a permanent establishment.

Amendment 66

Proposal for a directive Article 57 - paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. BEFIT teams shall use all existing procedures and arrangements offered by Directive 2011/16/EU^{1a} to ensure an efficient cooperation and exchange of information between national tax administrations.

**1^a Council Directive
2011/16/EU of 15 February
2011 on administrative
cooperation in the field of
taxation and repealing
Directive 77/799/EEC (OJ L 64,
11.3.2011, p. 1,
ELI: [http://data.europa.eu/eli/d
ir/2011/16/oj](http://data.europa.eu/eli/d
ir/2011/16/oj)).**

Amendment 67

Proposal for a directive Article 58 - paragraph 1

Text proposed by the Commission

1. The filing entity shall notify the filing authority of errors in the BEFIT information return within **two** months of the timely submission of such return.

Amendment

1. The filing entity shall notify the filing authority of errors in the BEFIT information return within **three** months of the timely submission of such return.

Amendment 68

Proposal for a directive Article 60 - paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. Member States shall attribute adequate human resources to the BEFIT team, including by providing content and language training to the BEFIT team representatives.

Amendment 69

Proposal for a directive Article 60 - paragraph 3

Text proposed by the Commission

Amendment

3. Information communicated

3. Information communicated

between the members of a BEFIT team, shall be provided by electronic means to the extent possible, through making use of a BEFIT collaborative tool.

between the members of a BEFIT team, shall be provided by electronic means to the extent possible, ***via a secure connection or a secure network***, through making use of a BEFIT collaborative tool.

Amendment 70

Proposal for a directive Article 60 - paragraph 4

Text proposed by the Commission

4. To facilitate the operation and communication of the BEFIT team, the Commission shall, by means of implementing acts, standardise the communication of the information between the members of a BEFIT team through making use of a BEFIT collaborative tool. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 73.

Amendment

4. To facilitate the operation and communication of the BEFIT team, the Commission shall, by means of implementing acts, standardise the communication of the information between the members of a BEFIT team through making use of a BEFIT collaborative tool ***and support the secure transmission of information***. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 73.

Amendment 71

Proposal for a directive Article 63 - paragraph 1

Text proposed by the Commission

1. A BEFIT group member shall notify the competent authority of the Member State in which it is resident for tax purposes or situated in the form of a permanent establishment of errors in the individual tax return within ***two*** months of the timely submission of such return.

Amendment

1. A BEFIT group member shall notify the competent authority of the Member State in which it is resident for tax purposes or situated in the form of a permanent establishment of errors in the individual tax return within ***three*** months of the timely submission of such return.

Amendment 72

Proposal for a directive Article 65 - paragraph 1

Text proposed by the Commission

1. The competent authority of a Member State may initiate and coordinate audits of BEFIT group members that are resident for tax purposes or situated in the form of a permanent establishment in that Member State.

Amendment

1. The competent authority of a Member State may initiate and coordinate audits of BEFIT group members that are resident for tax purposes or situated in the form of a permanent establishment in that Member State. ***That competent authority shall notify the other BEFIT team members within one month of the initiation of such an audit.***

Amendment 73

Proposal for a directive Article 67 - paragraph 1

Text proposed by the Commission

1. A BEFIT group member may appeal against the content of the individual tax assessment made pursuant to Article 64 before the competent authority of the Member State where that BEFIT group member is resident for tax purposes or situated in the form of a permanent establishment within ***two*** months after the assessment was notified to it. The administrative appeal shall be heard by an administrative body that, in accordance with the law of the Member State of the BEFIT group member, is competent to hear appeals at first instance. The administrative appeal shall be governed by the law of the Member State in which the BEFIT group member is resident for tax

Amendment

1. A BEFIT group member may appeal against the content of the individual tax ***assessment*** made pursuant to Article 64 before the competent authority of the Member State where that BEFIT group member is resident for tax purposes or situated in the form of a permanent establishment within ***3*** months ***of*** the assessment ***being*** notified to it. The administrative appeal shall be heard by an administrative body that, in accordance with the law of the Member State of the BEFIT group member, is competent to hear appeals at first instance. The administrative appeal shall be governed by the law of the Member State in which the BEFIT group member is

purposes or situated in the form of a permanent establishment. Where there is no such administrative body in the Member State where the BEFIT group member is resident for tax purposes or situated in the form of a permanent establishment, the BEFIT group member may lodge a judicial appeal directly.

resident for tax purposes or situated in the form of a permanent establishment. Where there is no such administrative body in the Member State where the BEFIT group member is resident for tax purposes or situated in the form of a permanent establishment, the BEFIT group member may lodge a judicial appeal directly.

Amendment 74

Proposal for a directive Article 68 - paragraph 1

Text proposed by the Commission

1. Where the decision pursuant to Article 66 has been confirmed or varied, the filing entity shall have the right to appeal directly to the courts of the Member State where it is resident for tax purposes or situated in the form of a permanent establishment within **two** months of the receipt of the decision of the administrative appeals body. A judicial appeal shall be governed by the law of the Member State where the filing entity is resident for tax purposes or situated in the form of a permanent establishment.

Amendment

1. Where the decision pursuant to Article 66 has been confirmed or varied, the filing entity shall have the right to appeal directly to the courts of the Member State where it is resident for tax purposes or situated in the form of a permanent establishment within **3** months of the receipt of the decision of the administrative appeals body. A judicial appeal shall be governed by the law of the Member State where the filing entity is resident for tax purposes or situated in the form of a permanent establishment.

Amendment 75

Proposal for a directive Article 69 - paragraph 1

Text proposed by the Commission

1. Where the decision pursuant to Article 67 has been confirmed or varied, a BEFIT group member shall have the right to appeal to

Amendment

1. Where the decision pursuant to Article 67 has been confirmed or varied, a BEFIT group member shall have the right to appeal to

the courts of the Member State where it is resident for tax purposes or situated in the form of a permanent establishment within **two** months after the decision of the administrative appeals body referred to in Article 67 was notified to it. The judicial appeal shall be governed by the law of the Member State in which the BEFIT group member is resident for tax purposes or situated in the form of a permanent establishment.

the courts of the Member State where it is resident for tax purposes or situated in the form of a permanent establishment within **3** months **of** the decision of the administrative appeals body referred to in Article 67 **being** notified to it. The judicial appeal shall be governed by the law of the Member State in which the BEFIT group member is resident for tax purposes or situated in the form of a permanent establishment.

Amendment 76

Proposal for a directive Article 70 - paragraph 1

Text proposed by the Commission

Where the outcome of an administrative or judicial appeal requires amendments to the individual tax assessment of one or more member of a BEFIT group, Member States shall take the appropriate measures to ensure that such amendments remain possible, **notwithstanding any time limits in the domestic laws of Member States.**

Amendment

Where the outcome of an administrative or judicial appeal requires amendments to the **tax assessment of the BEFIT group or to the** individual tax assessment of one or more members of a BEFIT group, Member States shall take the appropriate measures to ensure that such amendments remain possible, **within a timeframe of 10 years.**

Amendment 77

Proposal for a directive Article 72 - paragraph 1

Text proposed by the Commission

Member States shall lay down rules on penalties applicable to infringements of national provisions adopted pursuant to this Directive and shall take all necessary measures to ensure

Amendment

Member States shall lay down rules on penalties applicable to infringements of national provisions adopted pursuant to this Directive and shall take all necessary measures to ensure

that they are implemented and enforced. Penalties and compliance measures provided for shall be effective, proportionate and dissuasive.

that they are implemented and enforced. Penalties and compliance measures provided for shall be effective, proportionate and dissuasive.
Penalties shall be set at a minimum of 0,1 % of the turnover of the BEFIT group in the event of a failure to file the BEFIT information return in accordance with Article 59 and in the event of a deliberate misreporting in a BEFIT information return.

Amendment 78

Proposal for a directive Article 77 - paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. As part of the evaluation of BEFIT referred to in paragraph 1, the Commission shall carry out a comprehensive review of the transition rule and develop a permanent method for the allocation of the BEFIT tax base. The development of the permanent method shall be preceded by a comprehensive impact assessment and appropriate stakeholder consultations, in accordance with the Commission's Better Regulation principles.

Amendment 79

Proposal for a directive Article 77 - paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. Before the end of the

transition period, the Commission shall submit a legislative proposal to amend this Directive and introduce a permanent method for the allocation of the BEFIT tax base that replaces the transitional allocation formula. The permanent method for the allocation of the BEFIT tax base shall take into account the conclusions of the comprehensive impact assessment and shall incorporate the following four factors: sales, labour, assets and digital presence.

Amendment 80

Proposal for a directive Article 77 - paragraph 2

Text proposed by the Commission

2. Member States shall communicate to the Commission relevant information for the evaluation of the Directive in accordance with paragraph 3, including aggregated data on BEFIT group members which are resident for tax purposes in their jurisdiction and permanent establishments thereof operating in their jurisdiction, in order to properly assess the impact of the transition allocation rule **and of** Directive (EU) 2022/2523 as well as assessing the situation regarding Pillar One of the Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy agreed by the OECD/G20 Inclusive Framework on BEPS on 8 October 2021.

Amendment

2. Member States shall communicate to **the European Parliament and to** the Commission relevant information for the evaluation of the Directive in accordance with paragraph 3, including aggregated data on BEFIT group members which are resident for tax purposes in their jurisdiction and permanent establishments thereof operating in their jurisdiction, in order to properly assess:

(i) the impact of the transition allocation rule;

(ii) the link with other legislative acts in the area of corporate taxation, namely Directive (EU) 2022/2523 as well as the situation regarding Pillar One of the Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy agreed by the OECD/G20 Inclusive Framework on BEPS on 8 October 2021;

(iii) the relevance of the scope of this Directive and notably its potential extension to large groups as referred to in Article 3(7) of Directive 2013/34/EU;

(iv) the relevance of removing the exclusion of shipping income from the preliminary tax result;

(v) the impact on double tax treaties;

(vi) the impact of the co-existence of two tax systems, at Union level and at national level, on the administrative burden for entrepreneurs and tax administrations resulting from the application of Section 5 of Chapter II;

(vii) the impact of the allocation of the tax base on Member State revenues;

(viii) the impact of the co-existence of distribution-based tax systems, as referred to in Article 49, with traditional corporate tax systems relying on annual taxes on corporate profits;

(ix) the interaction of bilateral pre-accession tax treaties with the derogation from this

***Directive as referred to in
Article 2(2).***

Amendment 81

**Proposal for a directive
Article 77 - paragraph 4**

Text proposed by the Commission

4. Information communicated to the Commission under paragraph 2 shall be kept confidential by the Commission in accordance with the provisions applicable to Union institutions and Article 76 of this Directive.

Amendment

4. Information communicated to the ***European Parliament and to the*** Commission under paragraph 2 shall be kept confidential by the Commission in accordance with the provisions applicable to Union institutions and Article 76 of this Directive.