European Parliament
2024-2029

TEXTS ADOPTED

P10_TA(2026)0270

Feasibility of a 28th tax regime and its potential to support EU competitiveness

European Parliament resolution of 9 July 2026 on the feasibility of a 28th tax regime and its potential to support EU competitiveness (2025/2211(INI))

The European Parliament,

– having regard to Articles 4(2)(a), 5, 6(g), 50, 113, 114(1), 115, 116 and 225 of the Treaty on the Functioning of the European Union,

– having regard to the Commission proposal of 18 March 2026 for a Regulation of the European Parliament and of the Council on the 28th regime corporate legal framework – 'EU Inc.' (COM(2026)0321),

– having regard to its resolution of 20 January 2026 with recommendations to the Commission on the 28th Regime: a new legal framework for innovative companies[1],

– having regard to the Commission communication of 21 October 2025 entitled 'Commission work programme 2026 – Europe's Independence Moment' (COM(2025)0870),

– having regard to the Commission communication of 19 March 2025 entitled 'Savings and Investments Union – A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU' (COM(2025)0124),

– having regard to the Commission communication of 29 January 2025 entitled 'A Competitiveness Compass for the EU'(COM(2025)0030),

– having regard to the Commission communication of 28 May 2025 entitled 'The EU Startup and Scaleup Strategy – Choose Europe to start and scale' (COM(2025)0270),

– having regard to the report of 9 September 2024 by Mario Draghi

[1] Texts adopted, P10_TA(2026)0002.

entitled ‘The future of European competitiveness’ (Draghi report),

– having regard to the report of 17 April 2024 by Enrico Letta entitled ‘Much more than a market’,

– having regard to the Commission proposal of 12 September 2023 for a Council Directive on Business in Europe: Framework for Income Taxation (BEFIT) (COM(2023)0532),

– having regard to its position of 13 November 2025 on the proposal for a Council directive on Business in Europe: Framework for Income Taxation (BEFIT)[2],

– having regard to the Commission proposal of 12 September 2023 for a Council Directive establishing a Head Office Tax system for micro, small and medium sized enterprises, and amending Directive 2011/16/EU (COM(2023)0528),

– having regard to its position of 10 April 2024 on the proposal for a Council directive establishing a Head Office Tax system for micro, small and medium sized enterprises, and amending Directive 2011/16/EU[3],

– having regard to the Commission proposal of 25 October 2016 for a Council Directive on a Common Consolidated Corporate Tax Base (CCCTB) (COM(2016)0683),

– having regard to the Commission proposal of 25 October 2016 for a Council Directive on a Common Corporate Tax Base (COM(2016)0685),

– having regard to the Commission proposal of 11 May 2022 for a Council Directive on laying down rules on a debt-equity bias reduction allowance and on limiting the deductibility of interest for corporate income tax purposes (COM(2022)0216),

– having regard to the Commission recommendation of 18 March 2026 on the definition of innovative enterprises, innovative startups and innovative scaleups,

– having regard to Flash Eurobarometer 559 from February to April 2025 on Startups, scaleups and entrepreneurship,

– having regard to the European Council conclusions of 19 March 2026,

– having regard to Rule 55 of its Rules of Procedure,

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[2] Texts adopted, P10_TA(2025)0268.

[3] OJ C, C/2025/1326, 13.3.2025, ELI: http://data.europa.eu/eli/C/2025/1326/oj.

– having regard to the report of the Committee on Economic and Monetary Affairs (A10-0167/2026),

A. whereas the EU, as the largest integrated market in the world, with more than 450 million consumers, is losing its economic competitive edge[4] owing to the confluence of structural weaknesses, the increasingly intense global competition to attract capital, businesses and talent, and a complex and fragmented regulatory framework;

B. whereas economic competitiveness – at the core of most relevant EU policies and of urgent political priority, indicated by internal market integration, productivity growth, substantial public and private investment, and the digital and green transitions – may bolster the EU's prosperity by creating high-quality jobs, sustain our economic and social model, and consequently invigorate the welfare of our people and societies;

C. whereas internal trade barriers in the EU's single market are estimated to be the equivalent of a tariff rate of 44 % for goods and 110 % for services[5], which continue to represent a significant burden for business growth and investment in the EU and highlight the cost of regulatory fragmentation, and the need to move towards a more integrated, simplified and ambitious framework;

D. whereas the capacity to deliver greater harmonisation in the field of taxation, and of the regulatory framework, remain restricted by the unanimity requirement applicable to this policy area; whereas further harmonisation and the deepening of the internal market are instrumental in boosting EU competitiveness and delivering reductions in the administrative burden and cost of cross-border economic activity; whereas diminishing loopholes for aggressive tax planning and other tax avoidance practices should be instrumental in boosting EU competitiveness as envisaged in the 'One Europe, One Market' agenda;

E. whereas boosting the EU's competitiveness is closely connected to consolidating its strategic autonomy and being able to reduce external economic dependencies in strategic and critical sectors;

F. whereas enterprises in the EU, specifically small and medium-sized enterprises (SMEs), start-ups and scale-ups, and their innovative potential are structurally stifled by the persistent fragmentation of regulatory frameworks between Member States; whereas regulatory and tax diversity and the associated costs of navigating unfamiliar, distinct and often incompatible national environments hinder the pan-European financing and scaling up of companies, and whereas

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[4] Draghi, M., 'The future of European competitiveness', 2024.
[5] Speech of 16 December 2024 by Alfred Kammer, Director of the European Department, International Monetary Fund, entitled 'Europe's Choice: Policies for Growth and Resilience'.

there is an urgent need to address this competitiveness gap[6]; whereas a favourable, predictable and proportionate regulatory environment is essential to enable companies to invest, grow and compete globally; whereas the EU should strengthen its commitment to entrepreneurial freedom and the removal of barriers; whereas by providing a harmonised framework, the 28th regime would facilitate EU SMEs access to capital, contribute to reducing economic and territorial disparities in the EU, ensure balanced access and development conditions across different regions, and make it easier for investors to provide funding to companies located in another Member State;

G. whereas the overall administrative burden reduction of the proposed regulation establishing the 28th regime is estimated at between EUR 328 million and 440 million over a period of 10 years[7];

H. whereas for SMEs, small mid-caps, start-ups and scale-ups, the difficulties in understanding the different business environments in the EU – including owing to language barriers, lack of access to information or rules and requirements, taxation issues and business authorisation – represent the most significant barriers to their cross-border operations and to scaling up within the EU; whereas taxation, particularly issues relating to Value Added Tax (VAT), permitting and authorisations make up the main obstacles to their scaling up in other EU countries[8];

I. whereas as of 2025, Europe only had 331 unicorns compared to 1 963 in the United States and whereas between 2008 and 2021, close to 30 % of European unicorns relocated their headquarters outside the EU; whereas a large proportion of companies are leaving the EU to find the necessary capital in other jurisdictions; whereas this is due to better access to large markets, a supportive business environment, better access to venture capital, heightened availability and mobility of talented and skilled workers, an unfragmented regulatory framework and a less complex tax environment, and the wider availability of employee ownership schemes, which would be conducive to cross-border investment and to attracting and retaining economic and industrial activity within their economies[9];

J. whereas, as mentioned in the Draghi report, for innovative companies, ‘a voluntary 28th company rulebook harmonising

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6 European Parliament resolution of 20 January 2026 with recommendations to the Commission on the 28th Regime: a new legal framework for innovative companies.

7 Commission proposal for a Regulation of the European Parliament and of the Council on the 28th regime corporate legal framework – ‘EU Inc.’.

8 European Commission’s report ‘Flash Eurobarometer 559 – Startups, scaleups and entrepreneurship’, 2025.

9 Draghi, M., ‘The future of European competitiveness’, 2024.

legislation concerning corporate law, insolvency, as well as a few key aspects of taxation, to be made progressively more ambitious, could be explored under enhanced cooperation by willing Member States'[10];

K. whereas, as stated in the Letta report, tax is another area where complexity is a major barrier to cross-border trade and investment, and regulatory fragmentation may turn the single market into an obstacle for SMEs; whereas the report identifies the 28th regime as a key tool to enable them to fully benefit from the single market[11];

L. whereas the tax dimension of the 28th regime should respect the competence framework provided for by the Treaties and be designed to support the full life cycle of companies; whereas the Draghi report shows that the EU lacks venture capital investment at each development stage of start-ups (seed, early stage and late stage) as a result of a lack of scaling possibilities;

M. whereas the potential benefits of an optional pan-European business regime, vastly simplifying the whole process of future expansion to new markets, both within and outside of the EU, lie in enhanced legal certainty, lower compliance costs and simplified regulatory and tax procedures, and a level playing field with competing jurisdictions outside the EU; whereas it is necessary to ensure clarity and legal certainty for European and foreign investors by providing simpler and better harmonised rules, including in the area of taxation, that enable them to invest cross-border with confidence;

N. whereas to address these policies and political goals, the EU and its Member States must act using a coordinated, ambitious and results-oriented approach;

O. whereas completing the Savings and Investments Union is essential to mobilise private capital in the EU and channel it efficiently into the economy, in particular towards SMEs, start-ups and scale-ups; whereas a deeper, more integrated and more accessible capital market would improve access to finance and encourage long-term investment; whereas further integration of European financial markets is key to strengthening the EU's competitiveness, preventing the flight of companies to other jurisdictions and ensuring that European savings finance growth and innovation within the single market;

P. whereas the additional modules, stemming from the 28th regime, may play a role in supporting the cross-border development of long-term savings and pension products; whereas, in the context of taxation, such regimes should interact coherently with national tax

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10 Draghi, M., 'The future of European competitiveness', 2024.
11 Letta, E., 'Much more than a market', 2024.

frameworks;

General principles

1. Welcomes the Commission’s legislative proposal on a 28th regime (‘EU Inc.’) for companies; recognises its potential systemic impact on the functioning of the single market and the overall competitiveness of the EU’s economy; underlines, however, that the proposal on the 28th regime must not constitute a replacement for any further legislative efforts to reduce fragmentation and disparities between the regulatory frameworks of Member States;

2. Highlights its adoption of a resolution with recommendations to the Commission on the 28th regime: a new legal framework for innovative companies;

3. Welcomes the adoption of the ‘One Europe, One Market’ agenda to unlock the potential of the single market; takes note of the European Council’s call for the adoption of a 28th regime for company law; notes the European Council’s lack of references to targeted tax policy harmonisation under this agenda, particularly given that SMEs selected tax and VAT fragmentation as the most prevalent barrier to scaling up;

4. Stresses the fact that taxation is in most cases an exclusive competence of the Member States, yet there is – particularly in terms of procedures – a space for further simplification or targeted harmonisation tackling different compliance regimes, complex and fragmented corporate tax treatment, reporting obligations and administrative barriers in the treatment of cross-border investment; highlights the positive contribution of previous EU legislative initiatives on taxation, particularly in tackling tax evasion, avoidance and fraud, which are complementary to national legal frameworks;

5. Calls for the 28th regime initiative to be ambitious in its substance, including on taxation aspects, all the while fully respecting the Treaties, in order to allow SMEs, small mid-caps and innovative companies to scale up and operate seamlessly without transnational barriers across the EU’s single market;

6. Underlines that the 28th regime must not, under any circumstances, enable the circumvention of mandatory domestic protection of workers, their social rights, representatives and trade unions, nor become a vehicle to undermine, reduce or weaken existing levels of protection at EU or national level; highlights that the 28th regime should support innovation, transparency of company policies and the dimensional growth and scalability of companies by encouraging the removal of legal and tax obstacles that limit cross-border development and expansion as well as tax fairness, while effectively preventing tax, social and regulatory disparities;

7. Stresses that the benefits of digitalisation and the simplification of compliance requirements that will be introduced under the tax module of the 28th regime (hereinafter the ‘tax module’) should be made available to all companies under ‘EU Inc.’;

8. Considers that the 28th regime is a strategic step towards the further deepening of the single market, thereby advancing European integration and improving the functioning of the single market and its competitiveness;

9. Stresses that the 28th regime should be established through a modular approach; understands that the proposed regulation establishing a corporate legal framework (‘EU Inc.’) is a first step onto which other modules can be added, including on taxation (tax module); considers that these future modules should cover relevant aspects of the entire life cycle of companies, and be continuously evaluated against international benchmarks;

10. Considers that the tax module could be added to the legislative proposal for a regulation establishing a corporate legal framework (‘EU Inc.’), which should extend into the field of taxation, in a targeted, ambitious and proportionate manner; considers that the potential benefits of the tax module include lower compliance costs, simplified regulatory procedures, enhanced legal certainty, predictability and smoother access to cross-border markets, thereby improving and deepening the European single market;

11. Notes that for a tax module to be attainable under the existing Treaty framework, and where the applicable legislative procedure does not yield results, either an opt-in structure of the relevant legislation, or enhanced cooperation as a last resort, should be considered in order to address tax policy shortcomings; notes that tax policy remains subject to unanimity in the Council of the EU; is of the opinion that transitioning to the use of qualified majority voting is necessary in certain aspects of tax policy such as in the implementation of international agreements signed by all Member States, certain administrative procedures or legal definitions, in order to prevent unanimity from limiting regulatory harmonisation- and stopping citizens and businesses from fully benefiting from the single market; notes that such a module should be designed as an optional, clear and legally secure system, open to the accession of other Member States at any time, avoiding further fragmentation and ensuring the coherence of the single market;

12. Insists that the 28th regime must effectively reduce compliance complexity for participating companies and must not create a parallel rulebook layered on top of national legal systems leading to increases in legal distortions, overlaps or inconsistencies, or additional administrative burden; recalls that the primary goal of the new regime is simplification and competitiveness, and that these

must be ensured at all times while striving for upward social convergence;

13. Emphasises that the objective of both the 28th regime and its tax module is not to create an unfair tax advantage for companies or their employees, but to substantially reduce the complexity and administrative burden arising from different obligations, while respecting the specific characteristics of such companies;

14. Emphasises that in order to avoid further complexity, the provisions of the 28th regime should be in line with any other major proposals of the Commission and relevant Organisation for Economic Co-operation and Development (OECD) guidelines regarding greater integration within the single market, namely in the field of taxation and applicable tax legislation, notably in EU anti-avoidance and anti-evasion frameworks, including the Anti-Tax Avoidance Directive[12] (ATAD);

15. Calls for a modular and pilot-based approach for the 28th regime with corporate law in the forefront; stresses that those modules must effectively reduce compliance complexity for participating companies, yet insists upon the adoption of a road map, regarding what should be added and when, to be known at the outset and continuously adjusted under a periodic democratic review process;

16. Emphasises in this context that, aiming to ensure (political) feasibility and in order to preserve Member States' control over a substantial part of their tax policy as provided for under current legal frameworks, the scope of the tax module should be limited to, as a starting point, a subset of companies, such as cross-border growth-oriented start-ups and scale-ups, which typically generate only limited corporate income tax revenues for Member States; takes note of the Commission recommendation of 18 March 2026 establishing a definition of such companies using criteria such as their research and development (R&D) expenditure and size, which accompanied the 'EU Inc.' proposal;

17. Underlines that all tax incentives within the framework of the 28th regime must be fully compatible with State aid rules and designed in a way that avoids harmful tax competition, while ensuring a level playing field within the single market;

18. Reiterates that companies which voluntarily opt into the 28th regime and its tax module should be bound by its rules and that their choice to opt in must be automatically recognised by all Member States' legal frameworks, allowing them to operate like any other nationally

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[12] Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market, (OJ L 193, 19.7.2016, p. 1, ELI: http://data.europa.eu/eli/dir/2016/1164/oj).

registered company in any Member State's market; recalls that entry into the 28th regime should be optional, yet the exit from it should be mandatory upon the achievement of clearly defined criteria, including an initial public offering; highlights in this context that the non-discrimination principle vis-à-vis national company legal forms should be applied;

19. Notes that conditions of exit must be established for companies deciding to opt out on their own initiative, including notice requirements, possible minimum participation periods, and the entry into force of the withdrawal and that, once the relevant criteria for exit are met, sufficient time must be provided to allow for the necessary transformation of companies, ensuring a predictable and gradual transition while minimising the opportunities for regulatory arbitrage;

20. Acknowledges that legal form neutrality and fiscal non-discrimination are essential in ensuring sufficient demand for the regime; calls on the Commission, if necessary, to amend the EU *acquis* related to taxation, whether directly or indirectly, in order to ensure that companies operating under the 28th regime can fall within their own scope, and to simplify and further harmonise the procedures for accessing the benefits of those directives;

21. Is of the opinion that in the early stages of a company's life cycle, speed and simplicity, without the need to establish separate legal forms in each of the Member States, are crucial to transform an innovative concept into a viable entity; stresses that for the 28th regime a single, fully digital registration at the One-Stop Shop, along with the provision of a single tax number, including fully standardised documentation, templates and a single tax-filing interface, and respecting an English-first principle for communication, without compromising the EU's other official languages, should be set by default; recalls that the 28th regime should combine clear legal architecture, meaningful and ex ante quantifiable benefits to companies, and robust institutional support; highlights the synergies with the proposal on the establishment of European Business Wallets (COM(2025)0838), designed to establish a seamless and secure environment for digital interaction between economic operators and public sector bodies;

22. Notes that the One-Stop Shop, or alternatively a different central hub, should also function as a digital platform supporting companies throughout their life cycle within the 28th regime and its various modules; highlights that it should provide streamlined access to relevant regulatory, tax and administrative information across Member States, ensuring transparency and legal certainty, as well as including the possibility of incorporating, managing and dissolving activities;

23. Without prejudice to any further protective measures, emphasises that anti-tax avoidance measures laid down by current EU law must be applied thoroughly; stresses that only companies with real economic activities within the EU should have access to the tax module and that this module should not lead to the creation of shell or letterbox companies, as such practices undermine regulatory integrity, distort fair competition and erode genuine economic activity within the EU; underlines that the tax module should not become a tool for ‘tax shopping’ and must, under no circumstances, become a vehicle to unduly reduce or circumvent current levels of taxation at EU or national level;

24. Considers that a company for which infringement has been officially established of binding rules regarding fraud, tax, social security evasion or employee participation should be ineligible to opt in to the tax module;

25. Highlights that a transparent, accountable and efficient financial reporting framework is a necessity, and that the Single Accounting Standards should be applied by default for all companies operating under the 28th regime across all participating Member States, building on internationally recognised standards such as International Financial Reporting Standards where appropriate;

Taxing corporate income

26. Is of the opinion that the lack of corporate tax policy harmonisation represents a significant obstacle to cross-border economic activity within the EU, while also increasing risks of aggressive tax planning; proposes therefore that to provide a clear, effective and transparent tax regime, the future tax module should aim for a single consolidated corporate tax base for participating companies across the EU; recalls earlier initiatives, such as the Common Corporate Tax Base, the CCCTB, BEFIT, and the Head Office Tax System for SMEs model, and proposes that the tax module provide a uniform method for determining taxable income in line with OECD guidelines, thereby eliminating fragmentation in tax base calculation and reducing cross-border uncertainty; stresses that the tax module must not further limit the discretion of Member States to set corporate tax rates; stresses that the 28th regime should prioritise genuine consolidation in order to ensure the effective cross-border offset of losses, thereby incentivising cross-border investment;

27. Notes that, pointing towards the debt-equity bias reduction allowance proposal, the module should promote neutrality between debt and equity financing, so as to remove structural tax biases and strengthen equity-based investment, which is particularly important for start-ups and scale-ups relying primarily on equity financing in the early stages of their development;

28. Proposes that the 28th regime should seek to simplify tax administration and reduce cross-border uncertainty, including, where possible, by standardising tax returns, avoiding duplicative returns, and improving communication among tax authorities and the application of the ‘digital first’ principle;

29. Proposes that the consolidated tax base be appropriated among the Member States using a pre-agreed formula reflecting real economic activity, such as sales, labour, tangible assets and digital presence, replacing complex intra-group transfer pricing disputes within the regime with a transparent allocation method in line with OECD guidelines; stresses that this would be both a simplification and a tool to fight tax avoidance;

30. Recalls that tax rates must remain within Member States’ competence; notes, however, that they could be filed through a single filing interface;

31. Stresses that double taxation must be effectively prevented through, for instance, the uniform definition and classification of capital gains, intra-regime payments or the automatic mutual recognition of tax status;

32. Proposes that Member States should consider introducing special panels within their national courts dedicated to disputes regarding the tax module, and that it should be possible for such panels to conduct dispute resolution in English;

33. Highlights that cross-border scaling up may entail frequent corporate mobility events and reorganisations, and that, with the intention of benefiting from the current framework for tax-neutral operations, the tax module should involve the extension of current EU law and address mobility-related tax frictions through enhanced administrative coordination and greater substantive certainty, while ensuring that any simplification measures remain subject to appropriate safeguards against abuse[13];

Value added tax

34. Emphasises that to reduce compliance burdens, regime participants must operate under a centralised VAT framework, where a single EU VAT number and digital One-Stop Shop[14] portal must cover declarations and refunds across the Member States, including through timely and efficient refund procedures and a reduced need for multiple registrations; highlights the importance of promoting the

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13 European Parliament, Policy Department for Economy and Growth; Filip Debelva, Joris Luts, Anne Mieke Vandekerkhove, Niels Bammens, study on the ‘Feasibility of a 28th Tax Regime and Its Potential to Support EU Competitiveness’, 2026.

14 The VAT in the Digital Age package (ViDA).

use of interoperable digital solutions, including e-invoicing, to simplify compliance, enhance transparency and reduce administrative costs; recalls that the objective under the tax module should be procedural simplification rather than the harmonisation of VAT rates, enabling companies to expand without multiplying administrative interfaces;

Withholding tax

35. Highlights that cross-border capital flows within the module should benefit from more coordinated and efficient treatment, whereby dividends, interest and royalties between participating entities and their associated investment vehicles should benefit and be subject to a common simplified withholding tax procedure and minimum effective taxation; proposes that immediate recognition of tax residence must be achieved through a centralised EU digital registry, enabling streamlined digital clearance procedures and eliminating manual refund delays identified as a key barrier to scaling in the EU[15];

36. Calls for the development of a clear and transparent definition of beneficial ownership for tax purposes that would identify real owners of firms, or at least a comprehensible and broadly accepted set of criteria upon which withholding tax relief should be offered at source, and lengthy refund procedures should be avoided, yet maintained in situations when none of the criteria are met;

Employee taxation

37. Welcomes the Commission proposal for the optional use of EU employee stock options within the wider ‘EU Inc.’ proposal and in particular its principle that taxation should occur at disposal and benefit from the same tax treatment as applicable to other employee stock options or similar instruments under national law; believes, however, that the implementation of an EU employee stock option scheme should be mandatory under the tax module; notes that gains should be treated as capital income rather than employment income, therefore aligning employee incentives with long-term company growth and removing the distorting effect of upfront taxation; supports addressing the question of convertibility with stock options schemes across Europe to ease the conversion of existing companies to the 28th regime;

38. Stresses the role of employee share schemes and similar mechanisms in creating incentives for attracting talent and key personnel within such companies; highlights that key personnel include founders and other essential employees whose skills and

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15 Council Directive (EU) 2025/50 of 10 December 2024 on faster and safer relief of excess withholding taxes (OJ L, 2025/50, 10.1.2025, ELI: http://data.europa.eu/eli/dir/2025/50/oj).

expertise are critical to the company's development; emphasises that a transparent, economically sound and predictable tax regime for such instruments is essential to retain these companies within the EU and to attract and retain talent on terms comparable to those available in other competing jurisdictions;

39. Calls for a standardised EU valuation method providing safe harbour rules to determine share and stock option value in non-listed companies, preventing retroactive reassessments and reducing legal uncertainty; considers that such valuations should be recognised by participating tax administrations unless abuse, fraud or manifest error is demonstrated;

40. Recalls that social security contributions and pension income taxes applicable to workers carrying out their activities in more than one Member State are set by the multi-state worker framework under Article 13 of Regulation (EC) No 883/2004[16], whereby the applicable legislation is determined in accordance with a number of factors, thereby enhancing legal certainty and reducing cross-border administrative burdens;

41. Calls for targeted rules to ensure tax certainty for employees who move between Member States, during the period between the granting of employee equity and the sale of the underlying shares, including through streamlined one-stop digital employer reporting as well as the avoidance of double or multiple taxation at the point of sale of employee equity; stresses that any allocation of taxing rights should remain proportionate, simple and predictable;

Transfer pricing

42. Regrets that although all Member States have national legislation in line with OECD transfer pricing guidelines, the application of those guidelines remains divergent due to the absence of an EU transfer pricing directive; stresses that in order to prevent compliance costs from becoming a structural barrier to expansion, transfer pricing complexity should be substantially reduced; considers that there is a need to draw on elements of the CCCTB to provide a coherent basis for a unified European tax framework; proposes, within the tax module, that the Commission should clearly specify the transfer pricing rules applicable to companies opting into the 28th regime, and include coordinated safe harbours which should apply to routine intra-group services and low-risk transactions, and harmonised approaches that should apply to intellectual property licensing and

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[16] Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems, (OJ L 166, 30.4.2004, p. 1, ELI: http://data.europa.eu/eli/reg/2004/883/oj).

cost allocation to limit disputes, while documentation requirements should be proportionate to company size and growth stage;

Access to capital

43. Calls for the harmonisation of capital gains definitions and treatment, as well as efficient mechanisms for the prevention of double taxation and to reduce cross-border uncertainty; suggests an assessment of the possibility of establishing a single digitally verified status of investors based on a set of common standards, to ensure that their eligibility is automatically recognised across all Member States in order to ease cross-border investments; is of the opinion that standardised investment instruments, including harmonised, convertible financing templates and model shareholder agreements, should be introduced to reduce transaction costs and legal uncertainty, while strengthening investor protection and market transparency;

44. Stresses that one of the goals of the new regime is to contribute to the development of a genuine EU capital market, enabling firms under its scope to obtain the necessary funding while maintaining their presence in the EU; underscores therefore the need to mobilise the high volume of savings in the EU towards the aforementioned investments, in particular by developing attractive and accessible investment products for retail investors, while preventing the risk of such savings being channelled towards non-EU jurisdictions; stresses that the tax module must facilitate the closing of the current funding gap in the EU;

45. Emphasises that the 28th regime should directly address structural obstacles that limit capital mobilisation in Europe; recalls that from an investor perspective, regulatory and prudential alignment must be ensured; considers that the 28th regime should contain harmonised rules on equity-like debt instruments, including insolvency rules linked to those instruments, enabling investors to invest in a company without acquiring rights of control over that company;

Tax incentives

46. Stresses that the tax module should introduce appropriate coordinated and strictly conditioned tax incentives focused on research, development and reinvestment; notes that a harmonised baseline for R&D incentives should establish common eligibility definitions and minimum standards across Member States, including but not limited to social conditionality, regular monitoring and evaluation tools of tax expenditure to ensure that: (i) they are fit for purpose; (ii) they are a cost-effective way of fostering innovation; and (iii) they have no unexpected or negative implications; emphasises that firms opting for the tax module should not be disadvantaged in

accessing Member State programmes or incentives on the basis of their legal form;

47. Stresses furthermore that the design of R&D incentives under the tax module must be explicitly calibrated to align with the OECD Pillar Two global minimum tax framework, and in particular that the interaction with the Qualified Refundable Tax Credit rules must be addressed to ensure that firms under the scope of the tax module – which may have no current profits – can nonetheless fully benefit from the incentives without disproportionate administrative burden;

48. Recalls the need for strong stimulation of scale-up activities; believes that where reinvested profits are used for R&D, digitalisation or green innovation should be eligible to receive temporary additional deductions or tax deferrals, thus incentivising the redirecting of retained earnings towards productivity-enhancing investment rather than short-term distribution, in order to boost technological capacity and competitiveness; highlights that all incentives must be designed to remain transparent, simple and compliant with State aid rules;

Impact assessment, review and evaluation

49. Calls on the Commission to ensure a comprehensive review and, where necessary, revisions of tax aspects of the 28th regime at regular intervals, including the potential to add new module legislation to the regime, an assessment of its adoption rates among companies, particularly SMEs, start-ups and scale-ups, and of their development and economic growth, its alignment with evolving business and societal needs, its overall fitness for purpose and its effect on the EU's competitiveness (international benchmarking); considers that the review cycle should occur every four years to ensure adaptability to new challenges;

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50. Instructs its President to forward this resolution to the Council and the Commission.