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## TEXTS ADOPTED

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### **P10\_TA(2026)0327**

### **The EU's approach to corporate tax policy in a changing international environment**

#### **European Parliament resolution of 6 October 2026 on the EU's approach to corporate tax policy in a changing international environment (2025/2210(INI))**

*The European Parliament,*

- having regard to the Treaty on the Functioning of the European Union, in particular Article 4 and Articles 63 to 66 thereof on the principles of the internal market and the free movement of goods, services, capital and people, and Articles 113, 114 and 115 thereof,
- having regard to Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union<sup>1</sup> (Pillar Two Directive),
- having regard to 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<sup>2</sup> (Anti-Tax Avoidance Directive (ATAD)),
- having regard to Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC<sup>3</sup> (Directive on Administrative Cooperation (DAC)),
- having regard to Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States<sup>4</sup> (Parent

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<sup>1</sup> OJ L 328, 22.12.2022, p. 1, ELI: <http://data.europa.eu/eli/dir/2022/2523/oj>.

<sup>2</sup> OJ L 193, 19.7.2016, p. 1, ELI: <http://data.europa.eu/eli/dir/2016/1164/oj>.

<sup>3</sup> OJ L 64, 11.3.2011, p. 1, ELI: <http://data.europa.eu/eli/dir/2011/16/oj>.

<sup>4</sup> OJ L 345, 29.12.2011, p. 8, ELI: <http://data.europa.eu/eli/dir/2011/96/oj>.

Subsidiary Directive),

- having regard to Council Directive 2009/133/EC of 19 October 2009 on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares concerning companies of different Member States and to the transfer of the registered office of an SE or SCE between Member States<sup>5</sup> (Merger Directive),
- having regard to Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches<sup>6</sup> (Country-by-Country Reporting Directive),
- having regard to the Commission's February 2026 call for evidence for an impact assessment related to the Omnibus on taxation,
- having regard to the Commission proposal of 24 June 2026 for a Council Directive amending Directives 2003/49/EC, 2009/133/EC, 2011/96/EU, (EU) 2016/1164, (EU)2017/1852, (EU) 2025/50 as regards the simplification of the Union framework on direct taxation and supporting growth and competitiveness of the EU (COM(2026)0560),
- having regard to the Commission proposal of 24 June 2026 for a Council Directive on administrative cooperation in the field of taxation (recast) (COM(2026)0308),
- 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 the Commission notice of 12 January 2026 entitled 'The OECD Inclusive Framework Agreement on Safe Harbors and the Pillar Two Directive'<sup>7</sup>,
- having regard to the Organisation for Economic Co-operation and Development (OECD)/G20's final reports on base erosion and profit shifting (BEPS), which were endorsed in 2015,
- having regard to the OECD reports on the Pillar One and Pillar Two blueprints, which were adopted by the OECD/G20 Inclusive Framework on BEPS on 14 October 2020, and to the results of the OECD economic analysis and impact assessment of 12 October 2020

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<sup>5</sup> OJ L 310, 25.11.2009, p. 34, ELI: <http://data.europa.eu/eli/dir/2009/133/oj>.

<sup>6</sup> OJ L 429, 1.12.2021, p. 1, ELI: <http://data.europa.eu/eli/dir/2021/2101/oj>.

<sup>7</sup> OJ C, C/2026/253, ELI: <http://data.europa.eu/eli/C/2026/253/oj>.

entitled 'Tax Challenges Arising from Digitalisation - Economic Impact Assessment',

- having regard to the statement by the OECD/G20 Inclusive Framework on BEPS of 8 October 2021 on a Two-Pillar solution to address the tax challenges arising from the digitalisation of the economy,
- having regard to the Pillar Two model rules of the OECD/G20 Inclusive Framework on BEPS of 20 December 2021 for the domestic implementation of a 15 % global minimum tax,
- having regard to the OECD/G20 Inclusive Framework on BEPS report of 5 January 2026 entitled 'Tax Challenges Arising from the Digitalisation of the Economy - Global Anti-Base Erosion Model Rules (Pillar Two), Side-by-Side Package',
- having regard to the Commission communication of 21 March 2018 on new requirements against tax avoidance in EU legislation governing in particular financing and investment operations (C(2018)1756),
- having regard to the Commission communication of 18 May 2021 entitled 'Business Taxation for the 21st Century' (COM(2021)0251),
- having regard to the Council conclusions of 11 March 2025 on a tax decluttering and simplification agenda which contributes to the EU's competitiveness,
- having regard to US domestic legislation, especially the Tax Cuts and Jobs Act of 22 December 2017, which implemented the global intangible low tax income (GILTI) into US domestic tax law, and which has recently been renamed as the net controlled foreign corporation tested income (NCTI) for tax years beginning after 31 December 2025,
- having regard to the G20 Rio de Janeiro Leaders' Declaration of 19 November 2024 and the G20 Rio de Janeiro Ministerial Declaration on international tax cooperation of 25 July 2024,
- having regard to the G7 statement on global minimum tax of 28 June 2025,
- having regard to UN General Assembly Resolution 78/230 of 22 December 2023 and UN General Assembly Resolution 79/235 of 24 December 2024 on the promotion of inclusive and effective international tax cooperation at the United Nations,
- having regard to its resolution of 7 October 2021 on reforming the EU policy on harmful tax practices (including the reform of the Code

of Conduct Group)<sup>8</sup>,

- having regard to its resolution of 15 February 2022 on the impact of national tax reforms on the EU economy<sup>9</sup>,
  - having regard to its resolution of 10 March 2022 with recommendations to the Commission on fair and simple taxation supporting the recovery strategy (EP follow-up to the July Commission's Action Plan and its 25 initiatives in the area of VAT, business and individual taxation)<sup>10</sup>,
  - having regard to its resolution of 12 December 2023 on further reform of corporate taxation rules<sup>11</sup>,
  - having regard to its resolution of 9 October 2025 on the role of simple tax rules and tax fragmentation in European competitiveness<sup>12</sup>,
  - having regard to the report by Enrico Letta of April 2024 entitled 'Much more than a market',
  - having regard to the report by Mario Draghi of 9 September 2024 entitled 'The future of European competitiveness',
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the report of the Committee on Economic and Monetary Affairs (A10-0238/2026),
- A. whereas taxation is a significant factor in the global competitiveness of EU companies; whereas fair, efficient, predictable and simple corporate taxation plays a central role in creating a level playing field, ensuring long-term economic growth, encouraging investment, enhancing social cohesion and quality employment and providing Member States with sufficient and stable resources to meet their spending needs;
- B. whereas direct taxation remains a national competence of the Member States, while international corporate taxation is governed by a complex set of bilateral treaties on the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, known as double taxation agreements, as well as multilateral instruments to prevent BEPS, and EU directives on combating tax avoidance (ATAD) and reinforcing administrative

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<sup>8</sup> OJ C 132, 24.3.2022, p. 167.

<sup>9</sup> OJ C 342, 6.9.2022, p. 14.

<sup>10</sup> OJ C 347, 9.9.2022, p. 211.

<sup>11</sup> OJ C, C/2024/4165, 2.8.2024, ELI:  
<http://data.europa.eu/eli/C/2024/4165/oj>.

<sup>12</sup> OJ C, C/2026/1527, 15.4.2026,  
ELI:<http://data.europa.eu/eli/C/2026/1527/oj>.

cooperation (DAC);

- C. whereas a substantial share of wealth is concentrated in corporate assets and profits; whereas the majority of companies act as responsible corporate citizens, providing an important part of tax revenues, driving innovation, and sustaining the European social model through job creation;
- D. whereas abusive tax practices, such as corporate tax evasion and tax avoidance, undermine tax fairness and have a significant distributional impact, shifting the fiscal burden onto the labour force, small and medium-sized enterprises (SMEs) and households, and decrease public revenues, thereby weakening the financing of essential public services and undermining trust in the fairness of the tax system; whereas the OECD estimates annual global revenue losses resulting from BEPS at between USD 100 billion and 240 billion, equivalent to approximately 4 to 10 % of global corporate income tax revenues, resulting in considerable losses for Member States' budgets; whereas these losses are often a consequence of the lack of coordination between national tax systems and the complexity of international rules;
- E. whereas, according to the International Tax Observatory, the effective tax rate of multinational companies declined by 2,7 percentage points in the European Union between 2014 and 2022<sup>13</sup>; whereas SMEs, which typically operate primarily at domestic level, may be placed at a competitive disadvantage compared to multinational enterprises (MNEs) that can exploit cross-border tax planning opportunities<sup>1</sup>;
- F. whereas economic activity has increasingly become less dependent on physical presence thanks to the expansion of the digital economy and digitalised business models, which, along with the changing characteristics of the digital economy, has led to a mismatch between where profits are generated and where they are taxed;
- G. whereas the OECD/G20 Inclusive Framework on BEPS' Two-Pillar solution seeks to modernise international tax rules in response to digitalisation and globalisation through the reallocation of taxing rights to market jurisdictions (Pillar One) and the establishment of a global minimum effective corporate tax rate of 15 % (Pillar Two);
- H. whereas negotiations on Pillar One have stalled at the international level; whereas, in this context, several Member States have introduced or maintained digital services taxes at national level, providing revenue streams for Member States in the absence of a

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<sup>13</sup> European Parliament resolution of 21 January 2021 on reforming the EU list of tax havens; European Parliament resolution of 7 October 2021 on reforming the EU policy on harmful tax practices (including the reform of the Code of Conduct Group).

global agreement; whereas Pillar Two has been fully or partially implemented by around one third of the 148 jurisdictions participating in the OECD/G20 Inclusive Framework, while some Member States have fully implemented it through the Pillar Two Directive;

- I. whereas, on the initiative of the United States, an agreement was reached within the OECD/G20 Inclusive Framework on BEPS on a 'side-by-side' approach (SbS), approving US specificities, which establishes the coordinated and simultaneous application of different minimum tax regimes; whereas in January 2026, the US NCTI system was granted safe harbour status under the SbS, which the Commission acknowledged through a Commission notice issued on 12 January 2026; whereas the SbS exempts US-headquartered MNEs from the full application of Pillar Two rules; whereas in February 2026 Brazil requested safe harbour status under the SbS;
- J. whereas no studies or estimates on the economic impact of the SbS have been released either by the OECD or by the Commission; whereas the OECD's Inclusive Framework includes a formal peer-review process that is expected to start in the second half of 2026, while a major, formal stocktake and review of the Pillar Two package is scheduled to conclude by 2029;
- K. whereas the current international environment is increasingly characterised by geopolitical competition, unilateral policy measures and growing fragmentation of the rules-based multilateral order;
- L. whereas recent EU reports stress the importance of tax administration simplification, the decluttering of fiscal rules, harmonised and effective enforcement and cost-effective tax incentives as key instruments for restoring and enhancing the EU's competitiveness, supporting investment and reducing administrative burdens;
- M. whereas negotiations on the UN Framework Convention on International Tax Cooperation are ongoing, with the final text of the convention and two protocols expected to be concluded by 2027;

### ***Competitiveness in international taxation***

- 1. Emphasises that enhancing the EU's competitiveness, supported by the clean energy and digital transitions, is one of the EU's top priorities; recalls that investment attractiveness requires a stable, predictable, attractive and transparent tax environment focused on fostering growth, a proportionate administrative burden and an efficient tax administration, while respecting Member States' flexibility to tailor their domestic tax systems to national economic conditions;

2. Highlights that divergences and fragmentation in corporate tax rules, especially those on withholding taxes and loss offsets, is one reason why EU firms face higher complexity and costs when expanding and scaling up across borders, raising capital, or structuring investment within the single market; takes the view that less fragmented corporate tax procedures, common definitions and standards could provide benefits, as this would make it easier for enterprises to carry out investment activities in another EU Member State, while also helping to curb tax evasion and avoidance;
3. Welcomes international efforts, such as those undertaken by the OECD, which aim to stop the race to the bottom and create a more level playing field by establishing a global floor for the tax obligations of multinational enterprises (MNEs) through a minimum effective tax rate; also considers these achievements to be key to ensuring fair taxation and reducing harmful tax practices;
4. Regrets that the global implementation of Pillar Two remains incomplete, with major economies such as China and India not having implemented the reform; is of the view that the coexistence of Pillar Two with concurrent domestic minimum tax regimes – such as the US NCTI regime and other national regimes that may obtain a safe harbour status under SbS – leads to weakened global application and fragmentation and results in an even more complicated tax policy space instead of the intended system that derives its value from universal and consistent application; considers, therefore, that the EU should assess and promote approaches that advance global implementation, including targeted administrative simplification measures, capacity building and assistance;
5. Expresses concerns about the general effects of the SbS; notes that, while the agreement aims to bring regulatory stability, it risks harming the level playing field and reigniting the harmful corporate tax practices that the Pillar Two framework was designed to curb; calls on the OECD to trace and analyse any backsliding on the objectives of the Pillar Two Framework;
6. Notes with concern that the significant structural differences between the US NCTI regime and Pillar Two result in different effective tax rates and reporting obligations across jurisdictions that disadvantage EU-headquartered MNEs operating in the United States; notes, furthermore, that as a result of the SbS, US-headquartered MNEs are technically exempted from most Pillar Two obligations, thereby putting European companies at a competitive disadvantage;
7. Calls on the Commission, therefore, to urgently analyse and report on the impact of the SbS, including potential revenue losses incurred by Member States, in particular the introduction of the new targeted

substance-based tax incentive safe harbour in the Pillar Two framework and blending rules, and propose solutions on how to correct the structural imbalances created by the SbS, in order to protect public revenues and to safeguard a level playing field for European companies and the EU's global competitiveness, while safeguarding the integrity of the global minimum tax framework and recognising the principle of subsidiarity; calls on the Commission to take EU economic competitiveness into account at all times and to ensure that its proposals enhance the EU's economic attractiveness;

8. Calls on the Commission to fully deploy instruments to counter anti-competitive tax advantages that harm European companies, including State aid and anti-subsidy measures; recalls the need to return to a State aid framework that also ensures a level playing field in the area of taxation;
9. Highlights that well-designed, targeted and evidence-based tax incentives that promote research and innovation and the re-investment of profits can contribute to competitiveness, growth and long-term capital formation; urges the Commission and the Member States to develop and use EU State-aid-compliant taxation tools to attract and keep high-value-added activities within the EU; emphasises that the implementation of Pillar Two should not penalise legitimate national tax incentives for innovation and research and development (R&D), such as research premiums; stresses, furthermore, that R&D tax incentives schemes should include robust anti-tax avoidance mechanisms and conditionality, and provide value for money through regular and rigorous evaluation, based on transparent and high-quality firm-level data;
10. Recommends to the Commission and the Member States that access to European funding instruments, research and innovation programmes, and public procurement opportunities be made conditional on having a substantive tax presence, in particular through the implementation of tax good governance principles and compliance with EU law;
11. Calls on the Commission to draw up an annual report on the differences in effective tax rates between EU and non-EU MNEs operating in the single market, assessing their impact on the competitiveness, investment and public revenues of Member States, and to propose corrective measures where necessary;

### ***Need for simplification, transparency and clarity in EU legislation***

12. Notes in general that international taxation rules should seek to provide greater legal certainty, administrative stability and simplicity, thereby reducing compliance burdens by avoiding overlapping reporting requirements;

13. Notes with concern that the implementation of Pillar Two imposes a new administrative burden and significant one-off costs on corporate taxpayers in its scope, as the design of Pillar Two brought a separate, burdensome accounting layer to reporting requirements to calculate global minimum taxes; regrets that the SbS increases legal and administrative complexity even further, as well as compliance costs for EU-headquartered MNEs operating in the United States, while shielding US-headquartered corporations from essential elements of the OECD Pillar Two framework;
14. Welcomes the OECD's efforts to introduce simplified pathways and calls on the Member States and the Commission to explore further simplification opportunities within the OECD, for example by streamlining overlapping reporting requirements or by introducing safe harbours, while safeguarding the effectiveness of Pillar Two; emphasises that such measures are even more important in Member States where the administrative burden on tax administration linked to Pillar Two implementation may outweigh revenues;
15. Acknowledges the Commission's proposal on the tax simplification package, which includes measures to reduce the administrative burden for MNEs covered by the Pillar Two Directive; calls on the Member States to progress swiftly on tax simplification by reviewing overlapping reporting and anti-tax-avoidance measures under EU tax law and reducing the administrative burden on EU-headquartered businesses, while ensuring that this exercise does not result in reduced tax transparency or weaker anti-tax-avoidance rules; underlines, furthermore, the importance of ensuring that burdensome regulation and reporting intended for large companies are not extended directly or indirectly to SMEs;
16. Stresses the need to take advantage of the Tax Omnibus review process to address current overlapping rules, and to streamline and simplify the application of common rules and concepts; points out, in particular, that standardisation of terms and concepts is crucial for simplifying compliance, since various domestic interpretations may give rise to fragmentation and complexity, which will ultimately undermine the level playing field; recalls in this regard Parliament's recommendations to use the 'once-only' principle during the review of reporting obligations;
17. Calls on the Commission to re-examine and adjust its proposal for BEFIT, with a view to assessing and tackling any inconsistencies regarding the obligations for MNEs under the Pillar Two rules, in particular the mismatch between the tax-base determination under BEFIT and the GloBE tax base under Pillar Two, and the need to avoid creating an overlapping, parallel tax framework that increases the administrative and compliance burden for European businesses; regrets that the BEFIT proposal did not introduce genuine consolidation at EU level, instead introducing the aggregation and

subsequent allocation of tax results; highlights the fact that divergence from internationally agreed standards may increase the risk of double taxation, legal uncertainty and tax disputes for MNEs; takes note of the lack of progress made in the Council on this legislative file and of the fact that negotiations remain blocked; calls on the Commission to bring forward, if appropriate, a narrower proposal through a step-by-step approach that delivers on simplification and is fully compatible with the international framework;

18. Is concerned about the implementation of the SbS system as a safe harbour under Article 32 of the Pillar Two Directive, rather than through a proper legislative process;
19. Notes that the Member States will apply the Pillar Two Directive from different dates; calls on the Member States to ensure the full transposition of the directive to mitigate risks arising from mutual reliance on tax rulings issued by national tax administrations;
20. Recalls that tax transparency measures, including public country-by-country reporting, contribute to fair competition, enhance corporate accountability and provide greater certainty for investors; stresses that increased transparency helps create a level playing field within the single market, which strengthens the EU's attractiveness as a destination for sound and sustainable investment;

### ***State of the fight against harmful tax practices***

21. Welcomes the contribution of Pillar Two to reducing the number of jurisdictions applying very low effective corporate tax rates and to the introduction of qualified domestic minimum top-up taxes in many jurisdictions, representing a major step towards reducing opportunities for tax avoidance practices, establishing global certainty for corporate taxpayers and representing a step towards more effective administrative cooperation; recalls the importance of monitoring emerging forms of harmful tax competition, including those possibly arising from carve-outs embedded in the Pillar Two framework and from the treatment of certain tax incentives;
22. Notes that estimated revenue losses resulting from BEPS strategies by MNEs remain substantial; calls on the Commission, together with the Member States, to take a more proactive and ambitious role in improving the coordination of anti-abuse measures, and to intensify international cooperation to effectively address this challenge and safeguard Member States' domestic tax revenues;
23. Recalls Parliament's resolutions on reforming the EU list of tax havens and on reforming the EU policy on harmful tax practices (including the reform of the Code of Conduct Group); calls on the

Council to relaunch discussions on a comprehensive reform of the code of conduct and to implement Parliament's recommendations<sup>14</sup>;

24. Calls on the Commission and the Member States to strengthen measures against international tax havens by promoting full transparency of beneficial ownership and supporting the automatic exchange of information; calls for the establishment of stronger sanctions against non-cooperative jurisdictions;

### ***Future of international cooperation in taxation***

25. Reaffirms its commitment to the international rules-based order; stresses that internationally developed instruments represent the most structurally sound framework and are effective only insofar as they are backed by a genuine global agreement and effective implementation;
26. Regrets the fact that the EU's digital services trade balance has tilted sharply towards other jurisdictions where digital technology, artificial intelligence and cloud service providers have expanded rapidly, increasing economic power and taxable profits in a small number of multinational digital companies headquartered outside the EU; points out that this shift may require a rethinking of the reallocation of taxing rights; highlights the importance of continued international cooperation to ensure tax certainty, avoid double taxation and provide a stable environment for investment, innovation and economic growth;
27. Takes note of the United States' concerns regarding solutions under Pillar One and unilateral digital services taxes; welcomes the United States' openness to dialogue on these matters; underlines, however, that unilateral measures, including digital services taxes, remain a legitimate instrument for Member States to protect and preserve their tax bases;
28. Is of the view that unilateral measures may provoke unilateral retaliation; stresses that a global solution to digital taxation should rest on measures adopted by broad international participation and implementation, thereby lowering the risks of retaliatory measures, provided that such a solution respects the principle of economic substance; encourages the Commission, nevertheless, to continue exploring possible options in the event of insufficient progress made towards a global solution, while giving serious consideration to any

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<sup>14</sup> European Parliament resolution of 21 January 2021 on reforming the EU list of tax havens (OJ C 456, 10.11.2021, p. 177); European Parliament resolution of 7 October 2021 on reforming the EU policy on harmful tax practices (including the reform of the Code of Conduct Group) (OJ C 132, 24.3.2022, p. 167).

potential negative effects, such as increases in consumer prices and reduced access to the latest technologies;

29. Takes note of the efforts by the United Nations Intergovernmental Negotiating Committee on International Tax Cooperation to draft a United Nations Framework Convention on International Tax Cooperation to enhance international tax cooperation, combat tax evasion, harmful tax practices and illicit financial flows, and ensure a fair allocation of taxing rights worldwide; calls on the Member States to continue to engage constructively in the process, notwithstanding the work carried out at the OECD; stresses that any UN-led process should complement the current OECD/G20 process;
30. Invites the Member States to strengthen their coordination and to present a strong, unified position in multilateral forums that reflects the EU's interests, simplifies taxation obligations and ensures coherence within the international tax framework; further invites the Commission to assist the Member States in effectively representing their interests in such forums;
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31. Instructs its President to forward this resolution to the Council and the Commission.