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'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. Cion doc.:	13733/16 FISC 173 + ADD 1
Subject:	Draft Council Directive amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries – Adoption

1. The Commission presented its proposal for a Council Directive amending Directive (EU) 2016/1164¹ as regards hybrid mismatches with third countries ('ATAD 2') on 25 October 2016.
2. This proposal responded to a Council statement entered into the minutes of the ECOFIN Council meeting of 12 July 2016, when Directive (EU) 2016/1164 (ATAD 1) was adopted, which requested the Commission to "*put forward a proposal by October 2016 on hybrid mismatches involving third countries in order to provide for rules consistent with and no less effective than the rules recommended by the OECD BEPS report on Action 2, with a view to reaching agreement by the end of 2016*".
3. The opinions of the European Economic and Social Committee and of the European Parliament on this Commission proposal have been issued on 14 December 2016 and 27 April 2017 respectively.

¹ Anti-Tax-Avoidance Directive ('ATAD 1').

4. At its meeting of 21 February 2017, the ECOFIN Council reached a general approach on the compromise text submitted by the Presidency.
 5. Against this background, the Permanent Representatives Committee is invited to suggest that the Council adopt the abovementioned Council Directive as finalised by the legal/linguistic experts and set out in doc. 6661/17 FISC 56 ECOFIN 151 as an "A" item on the agenda of a forthcoming meeting.
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