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Subject:	EUROPEAN UNION COMMON POSITION - Chapter 16: Taxation

EUROPEAN UNION COMMON POSITION

Chapter 16: Taxation

This position of the European Union is based on its general position for the Accession Conference with Montenegro (AD 23/12 CONF-ME 2) and is subject to the negotiating principles endorsed therein, in particular:

– any view expressed by either party on a chapter of the negotiations will in no way prejudge the position which may be taken on other chapters;

– agreements – even partial agreements – reached during the course of the negotiations on chapters to be examined successively may not be considered as final until an overall agreement has been established;

– as well as to the requirements set out in points 24, 28, 41 and 44 of the Negotiating Framework.

The EU encourages Montenegro to continue the process of alignment with the *acquis,* noting that additional *acquis* may enter into force upon accession, to ensure its effective implementation and enforcement, and to develop, already before accession, policies and instruments as close as possible to those of the EU. The EU recalls that all EU candidate countries are required to bring their legislation, including all incompatible provisions under the existing, and particularly recently signed[1] intergovernmental agreements, fully in line with the EU *acquis* at the latest by the date of accession.

The EU notes that Montenegro, in its negotiating position AD 17/14 CONF-ME 12 and its addendum AD 63/26 CONF-ME 27 accepts the *acquis* under chapter 16 as in force on 1 September 2026 and declares that it will be ready to implement it by the date of its accession to the EU.

[1] Such as the investment agreement recently concluded and ratified on 31 July 2026 between the Government of Montenegro and the US.

Indirect taxation

The EU welcomes the adoption of several laws in the area of Value Added Tax and Excises duties on 9 July 2026 and bylaws on 30 September 2026.

The EU notes that the national legislation is still to be fully aligned with the EU *acquis* in terms of coherence and completeness. In addition, the EU notes that the effective implementation and enforcement of the new legislation is still to be ensured as several bylaws remain to be adopted and enter into force. The EU, therefore, urges Montenegro to make the required improvements in the national laws and bylaws and take the necessary measures to ensure the effective implementation and enforcement of the revised national provisions sufficiently in advance of the date of accession.

In the field of **Value Added Tax**, the EU welcomes the adoption of the new **Law on Value Added Tax on 9 July 2026**, which aims at alignment with Council Directive 2006/112/EC on the common system of value added tax; Council Directive 2008/9/EC laying down detailed rules for the refund of value added tax; Thirteenth Council Directive 86/560/EEC concerning VAT refunds to taxable persons outside the EU; Council Directive 2009/132/EC determining the scope of Article 143(b) and (c) of Directive 2006/112/EC as regards exemption from value added tax on the final importation of certain goods; Council Directive 2006/79/EC on the exemption from taxes of imports of small consignments of goods of a non-commercial character from third countries; and Council Directive 2007/74/EC on the exemption from value added tax and excise duty of goods imported by persons travelling from third countries.

The EU notes that further alignment of the national legislation with the *acquis* in the area of VAT is needed, in terms of coherence and completeness, in particular with regard to the scope of exemptions which must be strictly interpreted, reduced rates and obligations.

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The EU calls on Montenegro to ensure the effective implementation of the new VAT rules which shall apply in Montenegro by the date of accession, and to take into account also the new rules that will be applicable in the EU from 2028 and 2030 in accordance with the VAT in the Digital Age (ViDA) package.

In the area of **car taxation**, the EU welcomes the adoption of the Law on Tax Exemptions for Certain Means of Transport Temporarily Imported from One Member State to Another ("Official Gazette of Montenegro", No. 104/26) on 9 July 2026 which is largely in line with the provisions of Directive 83/182/EEC on temporary importation of private vehicles.

In the area of **administrative cooperation in the field of indirect taxation**, the EU notes sufficient progress.

As regards Council Regulation (EU) 904/2010 on administrative cooperation and combating fraud in the field of value added tax, the national Montenegrin law (Law on the implementation of Regulation 904/2010 on administrative cooperation and combating fraud in the field of value added tax, adopted on 9 July 2026 —has achieved an advanced level of alignment. The EU expects Montenegro to address missing provisions.

Regarding Council Directive 2010/24/EU concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (Tax Recovery Directive), the EU notes that Montenegro has achieved a good level of alignment through the Law Amending the Law on Tax Administration and the Law on Tax Dispute Resolution Mechanisms in the European Union, adopted on 9 July 2026 , and a recently adopted ‚Rulebook on the detailed procedure for providing mutual assistance in the recovery of claims. The EU expects Montenegro to address missing provisions.

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The EU urges Montenegro to align with Council Regulation (EU) No 389/2012 on administrative cooperation in the field of excise duties and implement the rules together with preparedness for launching the testing and validation of the EMCS system and the Central Excise Liaison Office (CELO) by Q4 2026 as planned for.

In the area of **excise duties** legislation, the EU welcomes the adoption of the **Law on amending the Law on Excise Duties** on 9 July, which regulates the excise duty system and introduces the obligation to pay excise duty on the products released for consumption in the territory of Montenegro. This law provides for alignment with Council Directive 2011/64/EU on the structure and rates of excise duty applied to manufactured tobacco; Directive (EU) 2020/262 on general arrangements for excise duty; Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity, through the introduction of a new fiscal marker for gas oils and kerosene ("Accutrace plus"), in accordance with the provisions of Commission Implementing Decision 2022/197/EU, and the introduction of excise duty on electricity effective from the date of Montenegro's accession to the EU. It further provides for alignment with Council Directive 95/60/EC on fiscal marking of gas, oils and kerosene, introducing a fiscal marker for gas, oils and heating kerosene; Council Directive 92/84/EEC on the approximation of the rates of excise duties on alcohol and alcoholic beverages; and Council Directive 92/83/EEC on the harmonisation of the structures of excise duties on alcohol and alcoholic beverages, as amended by Council Directive (EU) 2020/1151).

The EU notes that further alignment of the national excise legislation with the *acquis* is needed. to ensure the alignment and effective implementation of the EU excise rules which shall apply in Montenegro by the date of accession. The EU expects Montenegro to improve the national legislation in the areas of general excise duties as well as taxation of energy, tobacco and alcohol. The Commission will monitor that Montenegro adopts the necessary adjustments to align the excise legislation with EU standards (rates and definitions of products entering in the scope) , and integrate this point in its reports before accession.

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In this regards, further improvements are necessary in relation to the accuracy of the definitions and the completeness of the provisions related to excise duty liability, reimbursement, movement and control.

In relation to the adoption of missing provisions in the field of energy taxation, including those related to the mandatory exemptions and rules on the chargeable event, the national provisions determining the energy products subject to control and movement provisions will be adopted in accordance with the list set out in Article 20(1) of Directive 2003/96/EC. The alignment with that list is fundamental for the well-functioning of the EMCS system of which the aim is fraud prevention.

Montenegro should adopt the provision that prohibits adding markers or colours other than the Euromarker.

In relation to the notions of manufactured tobacco and related definitions used in the Council Directive 2011/64/EU, Montenegro should revise the provisions related to the establishment of (ad valorem) excise duty.

In relation to the notions used by Council Directives 92/84/EEC and 92/83/EEC “alcohol and alcoholic beverages” should be reflected in the national legislation.

As regards Council Directive 2008/7/EC concerning **indirect taxes on the raising of capital**, the EU notes that Montenegro does not presently levy any indirect taxes within the scope of that Directive nor does it have plans to introduce such taxes prior to accession. In that regard, the EU calls on Montenegro to refrain from introducing such indirect taxes in accordance with the above-mentioned Directive.

Direct taxation

In the area of direct taxation, the EU welcomes the adoption in 2026 of several laws providing for alignment with the EU direct taxation directives, notably:

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1. the **Law on Global Minimum Tax** (“Official Gazette of Montenegro”, No. 33/26) which aligns with Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (Pillar 2);

2. the **Law on Tax Dispute Resolution Mechanisms in the European Union,** adopted on 9 July 2026 ("Official Gazette of Montenegro", No. 104/26), which aligns with Council Directive (EU) 2017/1852 on tax dispute resolution mechanisms in the European Union;

3. the **Law Amending the Law on Corporate Profit Tax,** adopted on 9 July 2026 ("Official Gazette of Montenegro", No. 104/26), which further aligns with Council Directive 2003/49/EC on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States; Council Directive 2011/96/EU on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States; Council Directive 2009/133/EC 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 a European Company or a European Cooperative Society between Member States; and Council Directive (EU) 2016/1164 laying down rules against tax avoidance practices that directly affect the functioning of the internal market;

4. the **Law Amending the Law on Tax Administration**, adopted on 9 July 2026 ("Official Gazette of Montenegro", No. 104/26), which aligns with Council Directive 2011/16/EU on administrative cooperation in the field of taxation on administrative cooperation.

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The EU notes that the national legislation is still to be fully aligned with the EU *acquis* in terms of coherence and completeness. Furthermore, the assessment of any preferential tax regimes against the fair tax competitions principles set out in the Code of Conduct on Business Taxation is still to be undertaken. In addition, the EU notes that the effective implementation and enforcement of the new legislation is to be ensured as several bylaws still need to enter into force latest by the date of accession. The EU therefore urges Montenegro to make the required improvements in the national laws and bylaws and take the necessary measures to ensure the effective implementation and enforcement of the revised national provisions sufficiently in advance of the date of accession.

The EU notes that the Law on Tax Dispute Resolution Mechanisms in the European Union, adopted on 9 July 2026 is **largely in line with Directive (EU) 2017/1852 on tax dispute resolution mechanisms** but urges Montenegro to ensure full conformity by the date of accession.

The EU notes that the Law on Corporate Profit Tax including the last amendment adopted on 9 July 2026, is **largely in line with Directive 2011/96/EU on parent companies and subsidiaries** but urges Montenegro to ensure full conformity by the date of accession.

The EU notes that the Law on Corporate Profit Tax including the last amendment adopted on 9 July 2026, is **largely in line with Directive 2003/49/EC on interest and royalty payments** but urges Montenegro to ensure full conformity.

The EU notes that the Law on Corporate Profit Tax including the last amendment adopted on 9 July 2026, supplemented by three recently adopted bylaws, is **largely in line with Directive 2016/1164 on tax avoidance practices (ATAD)**. The EU urges Montenegro to ensure full alignment in terms of the conformity and completeness and implement the adopted bylaws as soon as possible and at the latest by the date of accession.

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The EU notes that in respect of **Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large domestic groups in the Union (Pillar 2),** Montenegro introduced only the Qualified Domestic Minimum Top-up Tax (QDMTT), given that there is at this date no ultimate parent entity of a multinational enterprise group in Montenegro with consolidated revenues exceeding EUR 750 million. The Income Inclusion Rule (IIR) and the Undertaxed Profits Rule (UTPR) will be applied by Montenegro by 2030. The EU welcomes the adoption by Montenegro on 30 September of the Rulebook complementing the Law on Global Minimum Tax.

In the area of **automatic exchange of information and exchange of information upon request**, the EU notes that Montenegro has established the basis for the legal framework for the development of information exchange systems between competent authorities of the Member States. Between 2021 and 2026, Montenegro adopted several amendments to the Law on Tax Administration as well as bylaws to align the national provisions with the Directive on Administrative Cooperation (DAC) as laid down in Council Directive 2011/16/EU on administrative cooperation in the field of taxation (DAC 1) and its subsequent amendments (DAC 2 – DAC 9). The EU urges Montenegro to ensure full alignment in terms of the conformity and completeness without delay, recalling that full implementation will be expected by the date of accession.

The EU welcomes the progress made by Montenegro to fulfil its **commitments on tax transparency** outlined in the Council conclusions of 17 February 2026 on the revised EU list of non-cooperative jurisdictions for tax purposes. The EU urges Montenegro to ensure that its frameworks for exchange of information on request and automatic exchange of information are assessed as compliant by the OECD Global Forum in 2027. In light thereof, the EU will closely follow the OECD in-depth review which is planned for Q1 2027.

The EU notes Montenegro's commitment to be ready to fully apply automatic exchange of information as well as exchange of information on request with the EU Member States and other partners according to EU law and OECD standards by the end of Q3 2027.

The EU takes note of Montenegro´s commitment to implement the Code of Conduct for Business Taxation. The EU notes Montenegro's commitment to only introduce new tax measures which are in conformity with these principles, including taking possible measures to roll back any tax provisions or features which may be contrary to these principles. The EU will closely monitor Montenegro´s implementation measures as regards full alignment with the principles of the Code, including possible measures to roll back any tax provisions or features which may be contrary to these principles.

The EU takes note of Montenegro´s commitment to accede to the Convention on the elimination of double taxation in connection with the adjustment of profits of associated enterprises (1990/436/EEC).

The EU notes that the adoption of the above-described measures fulfils the requirements of the first closing benchmark set out in the EU common position AD 17/14 CONF-ME 12.

Administrative capacity and structures for administrative cooperation

The EU takes note of the progress made by Montenegro in strengthening its capacity to effectively implement and enforce the *acquis* in this chapter. The EU takes note the commitment by Montenegro to continue strengthening its administrative capacities in the Tax and Customs Administrations with the aim of ensuring the full application and implementation of the *acquis* under this chapter. The EU invites Montenegro to keep it regularly informed of the developments and steps undertaken in this respect and will closely monitor them.

The EU notes Montenegro's comprehensive business strategy to prepare its tax administration to fulfil its obligations in the areas of international cooperation, development of information technologies and strengthening of institutional and administrative capacities.

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The EU also takes note of the establishment of the administrative structures for the Central Liaison Office (CLO) and the Central Excise Liaison Office (CELO). The EU recalls that upon accession, Montenegro should also handle administrative cooperation and exchange of information for VAT purposes through its CLO and for excise purposes through its CELO. Furthermore, the EU urges Montenegro to provide the respective offices with sufficient resources, training and digital tools so that they will be able to take up their tasks as required under the respective indirect and direct taxation directives sufficiently in advance of the date of accession. The EU expects the two offices to be fully operational sufficiently in advance of the date of accession, notably adequately endowed and staffed for the purpose of mutual assistance and administrative cooperation with EU Member States in line with the Directive on Administrative Cooperation in the field of taxation (2011/16/EU), Regulation No 904/2010 on administrative cooperation in the field of VAT, Regulation No 389/2012 on administrative cooperation in the field of excise duties as well as to perform the necessary assistance for the recovery of receivables in line with the Tax Recovery Directive (Council Directive 2010/24/EU). The EU will closely monitor these steps and expects Montenegro to provide updates twice a year on the remaining steps to establish and adequately staff administrative structures.

The Montenegro Tax Administration should establish a framework for future participation in Eurofisc.

As regards administrative capacity, the EU underlines that capacity building, including in particular professional and trained staff, should be a priority for an efficient tax administration in order to ensure its proper functioning and effective performance on areas such as implementation of legislation, tax procedures, voluntary tax compliance, and fight against tax fraud and evasion.

The EU notes that a number of measures have been undertaken by Montenegro to strengthen the administrative capacity, organisational framework and operational infrastructure of the Tax Administration, such as adoption and implementation of Business Strategy 2024–2028, Human Resources Management Strategy 2025–2028, Employment Action Plan 2026–2028, Strategy for Professional Development, Training and Capacity Building of Tax Administration Officials 2026–2028, IT Strategy of the Tax Administration 2026–2028, among others.

The EU stresses the need for sustaining the rate of recruitment and retention of staff until the date of accession and beyond, starting with the planned 60 officials under the 2026 staffing plan. The strategic objective of the Tax Administration should be to ensure that all vacancies are filled. Equally, the EU calls on Montenegro to effectively implement its Strategy for Professional Development, Training and Capacity Building of Tax Administration Officials 2026–2028, which provides for comprehensive training programme covering VAT administrative cooperation, Regulation (EU) No 904/2010, DAC7, DAC8 and DAC9 obligations, automatic exchange of information standards, risk-based audit techniques, data analytics, cybersecurity and data protection. Furthermore, Montenegro needs to develop a detailed operational plan by Q1 2027 on how the DAC Automatic Exchange of Information will be implemented within its current structure and clearly establish how the data will be collected from national sources for DAC1/DAC6 and DAC7 exchange purposes. In particular, the EU stresses that the Tax Administration should strengthen capacity building for staff involved in international VAT administrative cooperation through specialised training on the VAT acquis, Council Regulation (EU) No. 904/2010, operational cooperation procedures, risk analysis and the use of IT tools supporting the exchange of information with Member States. The EU will closely monitor steps towards the operational plan, implementation thereof, and overall efforts to strengthen administrative capacity.

The EU notes that the adoption of the above-described measures fulfils the requirements of the second closing benchmark set out in the EU common position AD 17/14 CONF-ME 12. The EU requests Montenegro to continue strengthening its administrative capacity, in order to ensure that it will be able to fully implement the EU *acquis* in this chapter and to cooperate with and assist the other Member States, as from the date of accession. The EU will closely monitor the progress in this respect.

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Digital tax systems

The EU recalls the importance of ensuring that all digital systems required to exchange information in tax, VAT and excise matters are developed in line with EU standards and requirements and ready for operation by the date of accession to ensure interoperability and interconnectivity with the EU digital tax environment. The EU takes note of the different measures undertaken by Montenegro to equip its tax administration with the corresponding IT systems, procedures and staff in order to apply the *acquis*.

In this regard, the EU welcomes the IT Strategy of the Tax Administration 2026–2028, which defines the multiannual framework for the development, integration and maintenance of tax administration IT systems, as well as the more detailed Action Plan for Interconnection with EU IT Systems developed by the Tax Administration.

The EU also welcomes the deployment of the Integrated Revenue Management System (IRMS) and calls on Montenegro to continue activities to stabilise the system, optimise performance and further enhance functionalities aimed at increasing process automation. Training of staff and the adoption of the necessary operational procedures should be continued and strengthened ahead of accession, so that legislative alignment is accompanied by the development of adequate digital systems, skills and processes required for effective application.

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On the Excise Movement and Control System (EMCS) and VAT Information Exchange System (VIES), while recognising that the contract for the implementation of EMCS was signed and the procurement procedure for VIES was launched, the EU sees risks of delays in the development and deployment of the national digital components for these EU systems. Montenegro devised an ambitious timeline of 18 months. The EU therefore urges Montenegro to speed up on development and operationalisation of the IT systems in line with this committed timeline. The EU points out that the implementation of the tax systems is essential to support the functioning and integrity of the Single Market from the date of accession and expects that the critical IT systems for exchange of information and cooperation in tax matters, in particular the EMCS and VIES, are ready for operation before EU accession. The EU will closely monitor remaining steps regarding the operationalisation of the IT systems, and expects Montenegro to provide regular updates, in particular on the implementation phase of the EMCS as well as VIES.

The EU notes Montenegro's plans for additional staffing in the areas of IT interoperability, cybersecurity, data management and system administration, and the rollout of trainings for existing and new staff through technical assistance instruments. In that regard, the EU urges Montenegro to ensure a sufficient number of well-trained IT specialists and business owners, who should be capable of sustaining the full functionality of the systems upon accession.

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Further, the EU calls on Montenegro to adopt a detailed national implementation programme covering all digital systems to be developed in line with the provided guidance, including therein concrete and achievable timelines, milestones and deliverables for each project phase and provide for a robust mechanism to monitor the interim milestones. Accordingly, the EU calls on Montenegro to set up an adequate governance scheme involving different departments as well as senior management to manage and monitor the required digital implementation and address any identified risks. Furthermore, the EU invites Montenegro to build up and maintain within the Tax and Customs Administrations capacity to manage the projects from the business and IT side and ensure uninterrupted external contractors' support as well as foster effective cooperation and coordination with the Commission services. In addition, the EU calls on Montenegro to develop and put in place a transition and training strategy, while allocating and ensuring resources for the continuous development and maintenance of the systems in line with evolutions in the EU digital tax environment.

The EU invites Montenegro to provide regular information on the implementation of required EU digital systems. The Commission will assist and closely monitor Montenegro´s progress in carrying out its digital implementation programme in the area of taxation, VAT and excises.

The EU notes that the adoption of the above-described measures fulfils the requirements of the third closing benchmark set out in the EU common position AD 17/14 CONF-ME 12.

The EU expects Montenegro to proactively and regularly update the Commission on the timely implementation of all the commitments listed in the EUCP.

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In view of the above considerations, the EU notes that, at this stage, this chapter does not require further negotiations

Monitoring of progress in the alignment with and implementation of the EU *acquis* will continue throughout the negotiations. The EU underlines that it will devote particular attention to monitoring all specific issues mentioned above with a view to ensuring Montenegro's full legal alignment with the *acquis* in this chapter as well as the administrative capacity for its effective implementation and enforcement. Particular consideration needs to be given to links between this chapter and other negotiation chapters. A final assessment of the conformity of Montenegro's legislation with the *acquis* and of its implementation capacity can only be made at a later stage of the negotiations. In addition to all the information the EU may require for the negotiations in this chapter, and which is to be provided to the Conference, the EU invites Montenegro to provide regularly detailed written information to the Stabilisation and Association Council on progress in the implementation of the *acquis*.

The EU notes that Montenegro, in its negotiating position AD 17/14 CONF-ME 12 and its addendum AD 63/26 CONF-ME 27 accepts the *acquis* under chapter 16 as in force on 1 September 2026 and declares that it will be ready to implement it by the date of its accession to the EU.

In view of the above considerations, the Conference will return to this chapter at an appropriate moment.

Furthermore, the EU recalls that there may be new *acquis* between 1 September 2026 and the conclusion of the negotiations.

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