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OUTCOME OF PROCEEDINGS

From:	General Secretariat of the Council
To:	Code of Conduct Group (Business Taxation)
Subject:	Code of Conduct Group (Business Taxation) - Work Programme under the Danish Presidency

Delegations will find attached in the ANNEX the work programme under the Danish Presidency as agreed by the Code of Conduct Group (Business Taxation).

CODE OF CONDUCT GROUP (BUSINESS TAXATION):**WORK PROGRAMME UNDER THE DANISH PRESIDENCY**

1. The Ecofin Council has, on multiple occasions, recognized the positive impact of the Code of Conduct and the efforts of the Group in mitigating harmful tax practices and contributing to the reduction of preferential tax regimes, both within the EU and globally¹. In its conclusions of 20 June 2025², the Ecofin Council expressed its appreciation for the Group's efforts in advancing the objectives outlined in the Code of Conduct (Business Taxation) and encouraged the Group to continue its valuable work.
2. Furthermore, the Ecofin Council notably:
 - a. endorsed the standstill assessments agreed by the Group and asked the Group to continue monitoring standstill and the implementation of the rollback;
 - b. endorsed the assessments agreed by the Group of actual effects of individual measures as agreed by the Group and asked the Group to continue monitoring the individual measures;
 - c. welcomed the progress achieved by the Group in the revision of the EU list of non-cooperative jurisdictions in February 2025 and encouraged the Group to maintain effective dialogue with jurisdictions, monitoring, and screening, to support their compliance with the EU listing criteria and the fulfilment of commitments within the agreed deadline;
 - d. recognised the Group's ongoing consideration of the possible impact of the revised Forum on Harmful Tax Practices (FHTP) methodology on regime reviews under criterion 2.1, as well as of the changes to the frequency of the FHTP monitoring for criterion 2.2; recognised the Group's continuous monitoring of no or only nominal tax jurisdictions for the effective implementation of economic substance requirements to

¹ Council conclusions of 16 June 2023 (10157/23), 17 October 2023 (13879/23), 8 December 2023 (16361/23), 24 February 2024 (6776/24), 21 June 2024 (11465/24), 8 October 2024 (14269/24), 10 December 2024 (16770/24), 18 February 2025 (6322/25).

² 10627/25.

companies and other entities that fall within the scope of criterion 2.2 and acknowledged the Group's decision to monitor the existence of in-scope ultimate parent entities in relevant jurisdictions that were previously exempted from criterion 3.2;

- e. called on the Group to continue the work to incorporate beneficial ownership as a fourth transparency criterion;
- f. called on the Group to continue the work on the appropriate selection indicators for future modifications of the geographical scope of the EU list;
- g. invited the Group to report back to the Council on its work during the Danish Presidency.

3. Against this background, this note sets out the proposed Code of Conduct work programme for the duration of the Danish Presidency of the Council (second semester of 2025).

I. General aspects

4. The revised Code of Conduct for business taxation set out in the Resolution of the Council and the representatives of the governments of the Member States meeting within the Council of 8 November 2022 applies from 1 January 2023 and constitutes a mandate for the work during the Danish Presidency as well.
5. The Code of Conduct Group will pursue the work in accordance with the multiannual work package.³

³ 13649/23.

II. Monitoring of the standstill and the implementation of the rollback

6. The Code of Conduct Group will monitor developments in administrative practices of the Member States and continue the review of the tax measures notified by Member States under the standstill and rollback process.
7. The Group will start the work on developing clear rules and limitations on grandfathering and rollback, in response to the recommendations of the report of the European Court of Auditors⁴.
8. The Group will also continue the monitoring of actual effects of regimes which are subject to regular monitoring on the basis of decisions previously made by the Group.

III. General discussion on expenditure-based tax incentives

9. The Code of Conduct will continue the preliminary discussions on the application of the nexus requirement to expenditure-based tax incentives in Special Economic Zones, with a view to promoting competitiveness in the Union.

IV. Links with third countries

10. The Code of Conduct Group will continue monitoring jurisdictions covered by the geographical scope and the implementation of the commitments taken by cooperative jurisdictions.
11. The EU list of non-cooperative jurisdictions for tax purposes will be updated by the Council in October 2025 with the following objectives:

⁴ European Court of Auditors Special Report 27/2024: Combatting harmful tax regimes and corporate tax avoidance

- remove from Annex I jurisdictions which have addressed pending issues;
 - list in Annex I jurisdictions which do not comply with the requirements of the EU listing criteria, or have declined to undertake appropriate commitments to comply with the EU listing criteria;
 - remove from Annex II jurisdictions which have fulfilled their commitments;
 - include in Annex II jurisdictions which have undertaken commitments to cooperate with the EU and to take the necessary steps towards complying with one or more EU listing criteria that their systems have been found to be inconsistent with.
12. The Group will consider an assessment of the application of the tax defensive measures, based on available information, including data provided by Member States.
13. Beyond the topics mentioned above, the Group will also work on:
- a. improving the working methods of the Group;
 - b. the future criterion 1.4 on the exchange of beneficial ownership information;
 - c. the possible impact of the revised FHTP methodology for regime reviews as well as the implications of the frequency of the monitoring process on the Group's work, particularly in assessing whether in-scope jurisdictions comply with criteria 2.1 and 2.2 of the EU list;
 - d. the monitoring of the economic substance requirements for companies, partnerships as well as collective investment funds (CIVs) under criterion 2.2;
 - e. the screening exercise for trusts and fiduciaries and other similar legal arrangements in 2.2 jurisdictions, in cooperation with the Forum on Harmful Tax Practices;
 - f. the assessment of commitments under criterion 3.2 of the EU list following the publication of the 2025 Inclusive Framework Action 13 peer review reports in September/October 2025;
 - g. continued monitoring of relevant Inclusive Framework (IF) jurisdictions which have not yet been asked for commitments on criterion 3.2 by the Group. This concerns in

particular jurisdictions with resident Ultimate Parent Entities of MNE groups above the Country-by-Country Reporting (CbCR) threshold in 2024, which receive general recommendations in the 2025 IF Action 13 peer review report and have missing activations for exchanges of CbCR with EU Member States;

- h. the review of the methodology used for selecting jurisdictions in relation to the geographical scope.
- i. other issues which may contribute to ensuring the effectiveness of the Group's work and further underpin the principle of equal treatment.

14. The Chair will continue the procedural/political dialogue with jurisdictions, as necessary.

V. Organisation of work

15. It is scheduled to organise two meetings of the Code of Conduct Group (on 22 September, and 26 November 2025), supported by the subgroups (on 3 July, 9 September, 16 October, 6 November 2025), as appropriate, to make progress on items falling within its remit and report to the Council before the end of this Presidency.
