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Subject: Council Conclusions on a tax decluttering and simplification agenda which contributes to the EU's competitiveness
- Council conclusions (11 March 2025)

Delegations will find in the annex the conclusions on a tax decluttering and simplification agenda which contributes to the EU's competitiveness, approved by the Council at its 4084th meeting held on 11 March 2025.

**Council conclusions on a tax decluttering and simplification agenda
which contributes to the EU's competitiveness**

The Council of the European Union:

1. STRESSES the need to increase EU competitiveness by reducing administrative burdens and increasing certainty in order to foster growth and innovation and provide an efficient and attractive environment for doing business in the Single Market.
2. WELCOMES the report on “The future of European competitiveness” presented by Mario Draghi, which highlights the need to improve European productivity in order to enhance competitiveness, including by deepening the Single Market. RECALLS the Budapest Declaration on the New European Competitiveness Deal of 2024 which called for “launching a simplification revolution, ensuring a clear, simple and smart regulatory framework for businesses and drastically reducing administrative, regulatory and reporting burdens, in particular for SMEs”.¹
3. HIGHLIGHTS the fact that the functioning of the Single Market is essential for competitiveness and NOTES that it would be worth analysing further how to improve the EU tax regulatory framework in order to foster growth and innovation and provide an efficient and attractive environment.
4. WELCOMES the simplification agenda of the EU and considers that decluttering the EU acquis in the domain of taxation should play a part in this wider agenda. TAKES NOTE of the Commission Work Programme for 2025, in particular as regards the Directive on administrative cooperation in the field of taxation (DAC) and the evaluation of the Anti-tax Avoidance Directive (ATAD).

¹ <https://www.consilium.europa.eu/en/press/press-releases/2024/11/08/the-budapest-declaration/>

5. RECALLS the important achievements in the field of taxation in the EU and Member States in recent years, which have created important tools at EU level to support the tax authorities of the Member States when exchanging tax information in order to safeguard tax revenues, streamline procedures and enhance tax collection, ensuring a coherent and consistent approach against tax avoidance throughout the Single Market, and levelling the playing field for businesses thereby allowing Member States to better protect their tax bases.
6. RECOGNISES that, while the tax rules that were introduced in this vein are broadly fulfilling their objectives, there is scope for decluttering the existing EU tax regulatory framework and for reducing certain duplicative or disproportionate administrative and reporting burdens for companies and tax administrations in the Single Market, also in the context of the wider simplification agenda of the EU, as well as taking into consideration, where appropriate, the decluttering exercise currently being developed at the OECD, in a timely manner.
7. STRESSES that efforts to reduce complexity should aim to preserve the successful achievements at EU level in terms of combating tax fraud, evasion and avoidance.
8. UNDERLINES that, within the tax simplification and decluttering context, the EU acquis in the area of taxation should be reviewed with the objective of simplifying existing rules and reducing the administrative, regulatory and reporting burdens for both businesses and tax authorities, with a view to enhancing competitiveness, while preserving the level of protection against tax fraud and aggressive tax planning. STRESSES that the review of the existing EU legislative framework in the area of taxation, as well as with regard to current and future tax initiatives, should be based on four principles: (1) reducing the reporting, administrative and compliance burdens for Member States administrations and taxpayers, (2) eliminating outdated and overlapping tax rules and, where relevant, (3) increasing the clarity of tax legislation and 4) streamlining and improving the application of tax rules, procedures and reporting requirements.

9. **NOTES** that the reduction of reporting obligations in order to reduce administrative and compliance burdens for Member States' administrations and taxpayers should aim to eliminate superfluous obligations and avoid disproportionate implementing costs. Therefore, multiple reporting and reporting of data with a low additional information value should be avoided. Outdated and overlapping tax rules should be eliminated by reviewing pieces of regulation that aim to achieve similar objectives and that could therefore be considered redundant. The simplification of the application of EU tax rules should lead to providing legal certainty for both taxpayers and tax authorities allowing for a consistent application of the rules, ensuring a level playing field, and hence improving efficiency, leaving open the possibility to address identified divergences or inefficiencies that may affect the functioning of the EU Single Market.
10. **STRESSES** that in the field of taxation, the exercise of simplification and decluttering should be carried out in respect of the fact that, in the absence of rules at EU level, taxation remains the competence of Member States.
11. **UNDERLINES** the need to apply the concept of tax simplification and decluttering for any future EU legislative tax proposals. In that context it is necessary to avoid any unnecessary and disproportionate legislative proposals which could result in expensive and inconclusive legislative exercises. In that context, **INVITES** the Commission to continue the use of impact assessments within existing rules and to further enhance their quality, including by strengthening the application of SME tests and by assessing the expected effects on the EU's competitiveness. **INVITES** the Commission to include a specific analysis on the contribution to the tax simplification and decluttering agenda in the impact assessments concerned.
12. **HIGHLIGHTS** the fact that simplification and decluttering in tax matters require a thorough analysis of the EU legislative framework and a clear identification of its scope and term. To begin with, this process could include a review of the existing Directive on administrative cooperation in the field of taxation, in particular in relation to reportable cross-border arrangements, and the Directive laying down rules against tax avoidance practices that directly affect the functioning of the internal market. Furthermore, it should also cover a review of the complete EU taxation acquis, including indirect taxation.

13. INVITES the Commission to ensure that the principles of simplification and decluttering are applied in the development of any future legislative proposals and to increase the involvement of Member States when performing this exercise. INVITES the Commission to consider further steps to ensure legal certainty and to support a more consistent application of EU tax rules, for example by developing guidelines through a consensus-driven process in close cooperation with Member States. CALLS on Member States to ensure that no unnecessary regulatory burden is added when transposing agreed legislation and when negotiating on new proposals and the proposals currently on the table. STRESSES that when reducing the administrative burden, the effectiveness of tax rules should be preserved and possibilities for tax fraud and aggressive tax planning should not be created.
14. INVITES the Commission to introduce an operational, pragmatic and ambitious action plan including a feasible timeline on simplification and decluttering in the area of taxation and to report regularly to the Council on the progress of this initiative, with a view to maintaining it as a recurring item on the agenda of future Council Presidencies. CALLS upon the Commission to provide Member States with an initial report, including a road map of the envisaged work on the tax simplification and decluttering agenda before the end of Q3 2025 and to consult on that report with relevant stakeholders.
15. RECOGNISES that such an important initiative should involve a long-term, well-structured and consistent approach, which requires cooperation between the Commission, the Council, national authorities and stakeholders. CALLS upon upcoming Council Presidencies to include progress on simplification and decluttering as a discussion item in meetings of the Working Party on Tax Questions (High Level) and to reflect it in the Ecofin report to the European Council on tax issues, including a list of concrete measures under discussion.
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