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European Union

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LIMITE

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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Draft Joint Statement of the Council and the Commission regarding the Joint Political Declaration on Countering Harmful Tax Regimes - Revised Presidency compromise

Changes to ST 7698/23 INIT are marked as **bold underline** and ~~striketrough~~.

Changes to ST 7698/23 REV 1 are additionally marked **yellow**.

Please note that this document bears the marking "LIMITE" and as such is covered by the obligation of professional secrecy in accordance with Article 339 of the Treaty on the Functioning of the European Union (TFEU) and Article 6(1) of the Council's rules of procedure. Moreover, it must be handled in compliance with the relevant EU legislation.

DRAFT JOINT STATEMENT OF THE COUNCIL AND THE COMMISSION REGARDING THE JOINT POLITICAL DECLARATION ON COUNTERING HARMFUL TAX REGIMES

In the context of concluding the Trade and Cooperation Agreement, the European Union¹ and the United Kingdom made a Joint Political Declaration on Countering Harmful Tax Regimes (the Declaration).² The Declaration provides that the Participants should hold an annual dialogue on that matter (the Dialogue).

This joint statement **and the conduct of the Dialogue respects are without prejudice to** is ~~without prejudice to~~ the division of competence between Member States and the European Union in tax matters.

Preparation and follow-up of the Dialogue

In accordance with the Declaration, the Dialogue will focus on the application of the principles on countering harmful tax regimes.

The agenda will not refer to specific tax regimes of a particular (or particular) Member State(s).

The working methods and practical modalities laid down in Article 2(2) of Council Decision (EU) 2021/689 on the conclusion of the Trade and Cooperation Agreement³ will apply *mutatis mutandis* to the preparation and follow-up of the Dialogue.⁴

¹ For the purposes of the commitments in the Declaration, with respect to the European Union, references to Participants are understood as being to the European Union, its Member States, or the European Union and its Member States, as the case may be.

² OJ L 149, 30.4.2021, p. 2549.

³ Council Decision (EU) 2021/689 of 29 April 2021 on the conclusion, on behalf of the Union, of the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part, and of the Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland concerning security procedures for exchanging and protecting classified information, OJ L 149, 30.4.2021, p. 2.

Conduct of the Dialogue

For the Union, the Dialogue is organised and chaired by the Commission. The Commission ensures that the Dialogue is organised as a hybrid meeting, allowing the Commission and each Member State to participate.[§]

The Commission presents the agenda items. Should the tax regime of a Member State be raised under any agenda item, the Commission would ~~refrain from commenting and~~ **leave the floor and the opportunity to comment to** give that Member State ~~the opportunity to take the floor.~~

It is recalled that the Dialogue is confidential and does not provide for any outcome documents.

The Dialogue is without prejudice to the specific mandate work of the Code of Conduct Group (Business Taxation), **the EU listing process and the analysis and dialogues carried out by the Code of Conduct Group.**

⁴ This includes the commitments in relation to Article 2 of Council Decision (EU) 2021/689 that are laid down in the statement by the Council and the Commission related to Union positions in the Partnership Council and other joint bodies established under the Trade and Cooperation Agreement and other institutional issues (ST 7888/21 ADD1).

[§] ~~It is recalled that the Dialogue is confidential and does not provide for any outcome documents.~~