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MS/VH

**EACB comments on the European Commission's legislative proposal
for a Council Directive on "Business in Europe: Framework for
income Taxation" (BEFIT)**

We welcome the opportunity to comment on the European Commission's legislative proposal for a Council Directive on "Business in Europe: Framework for income Taxation" on BEFIT.

The EACB would welcome an actual decrease of compliance burden. Contrary to the objective of simplifying the compliance landscape, the latest proposal will subject taxpayers to a comprehensive set of corporate tax rules including BEFIT accounting, Pillar 2 accounting, accounting for local adjustments and transfer pricing. Not only there will be even more tax rules to be implemented and follow, but also the compliance costs will be added to the costs of implementing Pillar 2. This would lead to increased obligations and result in a much more complex framework, which is not appropriate to us.

While the EACB welcomes the introduction of a 'One-Stop-Shop', attention should be paid to the fact that as per article 65 of the current proposal audits will continue to be conducted at the national level. Moreover, the proposal specifies that BEFIT Teams would be providing a degree of early certainty on specific topics. The EACB would like to point out that audits conducted at the level of a Member State seem to counteract the intended benefits of a One-Stop-Shop. In this context, the concept of the 'degree of early certainty' needs to be clarified.

While we understand the Member States' interest in the early-stage involvement as demonstrated in the proposed BEFIT Teams set up with representatives of each relevant tax administration from the Member States, however, we are concerned that such arrangement may potentially lead to lengthy discussions or even permanent disagreement. We would welcome further clarification on how taxpayers can be assured that certainty is not only possible but will indeed be achieved.

Additionally, we wish to emphasize the points outlined below.

1. With regards to the proposed article 60 (1) in section 3 "*When a member of a BEFIT team consults other members, it shall receive a response within a reasonable time*", additional and more detailed information regarding the term 'reasonable time' would be appreciate.
2. Further clarifications are also necessary regarding a draft article 61 (2): "*The BEFIT team shall endeavour to achieve consensus on the content of the BEFIT information return, within four months of the date when all information required under Article 57 was reported*". In particular, while 'endeavour' seems to suggest a 'best effort obligation', clarity should be provided concerning the situations when no consensus can be reached.

In the context of regulated entities, specifically those in the banking and insurance sectors, local booking of deferred tax assets (DTA) for losses may remain relevant in relation to compliance with local capital requirements. Therefore, we would like to stress the importance of aligning tax considerations with local capital adequacy regulations for entities operating in the banking and insurance industries.

The voice of 2.700 local and retail banks, 89 million members, 227 million customers in Europe

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According to the proposed article 57, the BEFIT information return must be submitted within four months after the end of the fiscal year, whilst the individual tax return should be filed within three months after receiving notification from the filing authority. In this respect, the EACB would like to stress that the proposed filing dates pose challenges, considering that taxpayers must navigate the simultaneous requirements of Pillar 2 and local tax return calculations.

Finally, we underscore the importance of a sufficient preparation period ahead of the BEFIT adoption.

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