Brussels, 5 November 2026

EACB comments EC proposal for a Council Directive amending Directives 2003/49/EC, 2009/133/EC, 2011/96/EU, (EU) 2016/1164, (EU)2017/1852, (EU) 2025/50 as regards the simplification of the Union framework on direct taxation and supporting growth and competitiveness of the EU

The European Association of Co-operative Banks (EACB) welcomes the opportunity to comment on the European Commission's proposal for a Taxation Omnibus and supports its objective of simplifying EU direct tax rules across the directives concerned and reducing compliance burdens for businesses.

At the same time, the EACB is concerned that the Taxation Omnibus is very comprehensive and may therefore not be adopted unanimously by the Member States. To make the package easier to agree on, the EACB suggests carving out politically sensitive elements and addressing them separately. In our view, it applies in particular to the exemption of dividend payments under the Parent-Subsidiary Directive (PSD). The European Commission already notes that it may be difficult to identify bona fide recipients of dividends under the PSD who could be exempted from withholding taxes. This issue may be resolved once the FASTER Directive is operational and has proven to be workable. Until then, although the EACB supports the change in principle, we recommend keeping all elements with an impact on FASTER, including the targeted amendment of the FASTER Directive itself, outside the Omnibus.

The proposed amendments to the Anti-Tax Avoidance Directive (ATAD) include changes to the Interest Limitation Rule (ILR). In particular, the 30% EBITDA threshold would become mandatory, and interest on third party loans granted for funding the borrower's own activities (i.e., not on-lending within the group) would be excluded. We support mandatory rules of this kind, as they reduce administrative burden and create a level playing field for businesses across Member States, which strengthens the Single Market.

In the same spirit, we suggest making the exclusion of financial undertakings from the ILR mandatory as well (under the current Article 4(7) ATAD it is optional). Furthermore, the EU aims for a strong financial sector that can compete with banks established outside the EU. The ATAD could therefore provide that Member States may not apply interest limitation rules to financial undertakings on interest paid on third party loans granted for funding the borrower's own activities, similarly to the abovementioned amendment to the ILR.

Finally, the EACB welcomes the steps taken to align the existing directives with the global minimum tax, in particular the exemption from Controlled Foreign Company (CFC) rules for groups subject to Pillar 2, which avoids duplicative compliance obligations for groups already subject to a 15% minimum effective rate. However, the proposal does not amend the Pillar 2 Directive itself, so the compliance burden arising from the Pillar 2 framework remains. The EACB would therefore like to reiterate the following messages from its response to the call for evidence:

The voice of 2.400 local and retail banks, 91 million members, 228 million customers in EU

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1. The EACB calls for clear and robust materiality thresholds within the Pillar 2 framework, inter alia for the recognition and tracking of deferred tax assets (DTAs) and deferred tax liabilities (DTLs), the treatment of asset transfers and the identification and inclusion of constituent entities, so that immaterial items are excluded from detailed calculations and reporting.
2. Pillar 2 creates a disproportionate compliance burden for EU businesses. Since corporate income tax rates in most Member States already exceed 15%, the extensive calculations mostly serve to demonstrate compliance rather than to generate additional tax revenue. An example is local "zero-tax returns", which must be filed even where the Global Information Return filed in the home Member State already shows that no local tax liability arises.
3. In addition, the EACB calls for the Pillar 2 Safe Harbour rules to be made permanent, to enhance legal certainty, reduce compliance costs on a sustained basis, and allow tax administrations and businesses to focus resources on cases of genuine tax risk.
4. The EACB welcomes the postponement of reporting obligations, given that the OECD rules are not implemented uniformly across major jurisdictions, in particular the United States and China.

For corporate income taxation in general, simplicity, legal certainly, proportionality and harmonisation should remain the key guiding principles.

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