



Brussels, 26<sup>th</sup> January 2023

**EACB comments on the European Commission's public consultation on "Business in Europe: Framework for income Taxation" (BEFIT)**

General

We welcome the opportunity to comment on the European Commission's initiative on BEFIT.

Regarding the policy options, the EACB would like to state that should BEFIT consist in adding a rule to the existing local rules, the complexity of the tax rules will increase (i.e., there will be even more rules to be implemented and follow), as well as the compliance costs that will be added to the costs of implementing Pillar 2. In this context, the implementation of BEFIT might not be appropriate to us.

However, should the current legislation be improved by means of a directive (Option 2 in the current Call for Evidence), it should be based on existing regimes such as Pillar 2 and/or the country-by-country reporting (CBCR) and be as simple as possible.

Scope

Should BEFIT initially apply only to certain entities, the EACB recommends aligning BEFIT threshold with the OECD/G20 IF on BEPS' Pillar 2 threshold - or the CBCR threshold - of €750m turnover. Moreover, all other entities should be entitled to opt for BEFIT application from the first date of its implementation.

Eventually, in order to reach BEFIT's goal, most (or even all) of the entities should be liable to BEFIT, following a short transition phase.

Tax base calculation

The EACB is of the view that the tax base calculation should only consist in limited tax adjustments to companies' financial accounts (Pillar 2).

Indeed, a comprehensive set of corporate tax rules would create too many tax obligations and would be contrary to the objectives sought.

Formulary apportionment

When it comes to the way to allocate profit in the context of transactions between members of the group and entities outside the group, the EACB members are of the opinion that providing guidelines and macro-industries' benchmarks to be followed by the local tax administration could be very helpful. Moreover, it needs to be ensured that jurisdictions outside the EU implement the same approach.

Administration

In our opinion, the administration of the system will not be simplified through a new set of rule, except if the former has been removed.

**The voice of 2.700 local and retail banks, 87 million members, 223 million customers in Europe**

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