[Commission welcomes adoption of far-reaching new transparency rules for tax advisers in the EU]

The decision was taken by EU Economic and Financial Affairs ministers at their meeting in Brussels this morning. First proposed by the Commission in June 2017, the new measures build on a multitude of ambitious rules to fight tax avoidance and to boost tax transparency already agreed at EU level under the Juncker Commission.

Once in force, tax intermediaries who provide their clients with complex cross-border financial schemes that could help avoid tax will be obliged to report these structures to their tax authorities. In turn, EU Member States will exchange this information with each other, further increasing scrutiny around the activities of tax planners and advisers.

Following the agreement, Pierre **Moscovici**, Commissioner for Economic and Financial Affairs, Taxation and Customs, said: *"The new rules agreed today confirm the EU as the world leader in tax transparency. In future, intermediaries will have to share with tax administrations the schemes they sell to their clients. Tax administrations will then have access to the information they need to put an end to the aggressive tax planning schemes eroding their tax bases. This agreement is a further step towards more openness and better cooperation, facilitating fairer and more effective taxation throughout the EU."*

Recent media leaks such as the Panama and Paradise Papers have exposed how some intermediaries actively assist companies and individuals to escape taxation, usually through complex cross-border schemes.

Cross-border tax planning schemes can bear certain characteristics – or 'hallmarks' – that indicate a risk of tax avoidance or evasion. Such hallmarks can include the use of cross-border losses to reduce tax liability, the use of special preferential tax regimes, or arrangements through countries that do not meet international good governance standards. Intermediaries that design or provide schemes bearing any one of these key hallmarks will now have to report these schemes to the tax authorities before they are used.

Member States will automatically exchange the information that they receive on the tax planning schemes through a centralised database, giving them early warning on new risks of avoidance and enabling them to take measures to block harmful arrangements and carry out audits more effectively. The requirement to report a scheme does not necessarily imply that it is harmful, only that it merits scrutiny by the tax authorities. But Member States have also agreed to implement effective and dissuasive penalties for those companies that do not comply with the transparency measures, creating a powerful new deterrent for those that encourage or facilitate tax abuse.

Next Steps

The new reporting requirements will enter into force on 1 July 2020, with EU Member States obliged to exchange information every 3 months after that. The first exchange willl take place by 31st October 2020.

For More Information

Q&A on new transparency rules for intermediaries

Factsheet

DG TAXUD webpage on the new rules for tax intermediaries

Video on new rules for tax intermediaries