Dear EATLP (Associate) Members,

This report has been drafted by Prof. Irma Mosquera and Prof. Jérôme Monsenego. It aims at informing the EATLP (Associate) Members of the activities that have taken place at the EU Platform for Tax Good Governance during the academic year 2025–2026. Please note that the EU Platform is operating under a new mandate with two new representatives of the EATLP, as announced at the EATLP Congress in Antwerp, and also communicated by email to all EATLP (Associate) Members.

This new mandate commenced in September 2024. Since then, the EU Platform has convened several times during the academic year 2025–2026: 1 July 2025, 30 October 2025, and 14 April 2026. The next meeting is scheduled on 2 July 2026. The minutes and documentation of these meetings are available at the EU Platform link here. During these meetings, the main focus has been on the simplification of the tax architecture. In addition, several topics have been discussed, such as the interaction between the Clean Industrial Deal and the State aid rules, the taxation of cross-border workers, and the Dispute Resolution Directive. These topics were addressed through presentations by representatives of the business sector, civil society, academia, and through input from EU Member States.

The EATLP has, through its representatives, contributed to the abovementioned topics through both oral interventions and the submission of written input to the Commission. Our objective is to contribute a neutral, research-based perspective to the discussions taking place within the EU Platform. We have also shared the agendas of the meetings and subsequently circulated the minutes. This has been done to enhance transparency concerning our participation in the Platform and to raise awareness and promote engagement among EATLP (Associate) Members in relation to the issues discussed. We have sought, received, and shared with the Commission input from EATLP (Associate) Members regarding the items on the Platform's agenda.

Among the different topics addressed during the meetings, much of the focus during the academic year 2025–2026 was on the forthcoming omnibus proposal. We welcomed the issues identified by the Commission and found the reassessment of the CFC rules in light of the Pillar Two rules to be both timely and necessary. At the same time, we noted that the Commission’s areas of work did not encompass all issues in respect of which the ATAD could benefit from improvement.

As an example, we raised the issue of targeted interest limitation rules and suggested that consideration be given to amending the preamble to the ATAD in order to better determine the circumstances in which Member States may introduce such measures. In our view, the reference in the preamble to thin capitalization rules appears justified, given that excessive

indebtedness cannot always be effectively addressed through transfer pricing rules alone. We observed that, in some Member States, the arm's length principle does not permit an assessment of debt levels, thereby allowing excessive intra-group financing structures to persist within the limits of the EBITDA-based interest limitation rule. Against that background, we considered that targeted thin capitalization rules may remain appropriate and noted that relevant CJEU case law provides guidance for designing such rules consistently with EU law. However, we also emphasized that the current wording of the preamble is not confined to thin capitalization rules and therefore allows broader forms of targeted interest deduction limitations. In this respect, we referred to the recent Swedish reform adopted following the CJEU judgments in *Lexel* and *X BV*. We noted that the revised Swedish rules, applicable from 1 January 2026, deny interest deductibility where debt forms part of an artificial arrangement aimed at securing a significant tax advantage. We expressed concern that such rules may continue to raise significant legal and policy issues. These include potential incompatibility with EU law, the possibility of double taxation where the corresponding interest income remains taxable, and overlap with other anti-avoidance mechanisms, including the GAAR, anti-hybrid provisions, transfer pricing rules, and the GloBE framework. In light of these considerations, we suggested that the Platform may wish to discuss whether amendments to the ATAD preamble could better align the Directive with the objectives of the forthcoming omnibus proposal, particularly by improving the coordination and interaction of overlapping anti-avoidance rules while preserving the Directive's core objectives.

Another topic discussed with members of the European Commission concerned the Side-by-Side Package and its implementation into EU law. We raised concerns about the compatibility of the Package with Articles 32 and 52 of the Pillar Two Directive, together with issues concerning the interpretation of the Directive in light of evolving materials accepted within the Inclusive Framework, including the guidance provided in paragraph 24 of the preamble to the Pillar Two Directive.

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Leiden and Stockholm, 1 June 2026

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