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Answer given by Mr Gentiloni
on behalf of the European Commission
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The Code of Conduct on Business Taxation plays an important role in regulating harmful competition within the EU. It is important to ensure that the Code of Conduct remains up to date in a rapidly changing environment. To that end, the Commission will soon publish a Communication on Tax Good Governance, which will include, amongst other things, some preliminary ideas for reform of the Code of Conduct on Business Taxation.

More broadly, the current international business tax system is in need of significant reform, and the coronavirus crisis has increased the urgency for a global, consensus-based solution. New and intensifying forms of tax competition exist between countries, and this harmful competition is exploited by some companies to avoid paying their fair share. The Commission supports the ongoing work of the Organisation for Economic Cooperation and Development (OECD) on a two-pillar approach to modernise the global tax systems.

The second pillar of this project aims to introduce a global minimum effective level of taxation in order to put a floor on tax competition and to close the remaining loopholes left after the earlier (2015) OECD Base Erosion and Profit Shifting (BEPS) reforms. Despite the challenges of COVID-19, the goal remains to reach an agreement by the end of 2020. The Commission will then transpose this into EU law.

If no agreement is reached at the OECD, then the Commission is committed to take EU action, and the design of any such measures will take into account the current global discussions.