

# The EU Standard of Tax Good Governance

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# 1. Role EU

EU role in the formation of international law – proactive co-shaping of the international legal order alongside other actors (*Kochenov and Amtenbrink, 2013*)

## **In taxation**

Standard:

- Improve international tax cooperation and facilitate the collection of legitimate tax revenues.
- To promote fair taxation: central to the EU's social and economic model and its sustainability. EU as a major political and economic player internationally:
- To support BEPS (smooth and timely implementation) in the single market and internationally

## 2. EU Standard of good governance in tax matters

*“The Parties recognise and commit themselves to implement the principles of good governance in the tax area, including the global standards on transparency and exchange of information, fair taxation, and the minimum standards against Base Erosion and Profit Shifting (BEPS). The Parties will promote good governance in tax matters, improve international cooperation in the tax area and facilitate the collection of legitimate tax revenues”.*

Council of the European Union, Council Conclusions on the ‘EU Standard Provision on Good Governance in Tax Matters for Agreements with Third Countries, FISC 180, ECOFIN 364 (26 Apr. 2018), <http://data.consilium.europa.eu/doc/document/ST-8344-2018-INIT/en/pdf>

# EUTAXGOV Jean Monnet Chair

*The EUTAXGOV Chair will address the EU Standard of Tax Good Governance.*

*The objectives of this Chair are (i) to enhance knowledge and understanding of the use of this Standard by students and to (ii) to raise awareness and to create a dialogue of the use of this Standard between academia, civil society, governments, and policy makers at EU level and at domestic (country) level including third (non-EU) countries.*

# 3. EU Standard of good governance in tax matters

- **2008: Transparency, exchange of information and fair tax competition**
  - 2012: Harmful tax and list of non-cooperative jurisdictions
  - 2016: Anti-tax avoidance package: Harmful tax, anti-Base Erosion and Profit Shifting (BEPS) measures and fair economic activity (tax rate/not artificial)
  - 2017: List of non-cooperative jurisdictions for tax purposes
- **2018: Transparency, exchange of information, fair taxation and BEPS 4 Minimum Standards**

# **3. EU Standard of good governance in tax matters**

*The Commission has since tabled the **updated clause in all relevant new and ongoing negotiations, several of which are in the process of being successfully concluded.***

*The Commission will continue to insist on the inclusion of the tax good governance clause in all relevant future negotiations on international agreements.*

***In the event that a third country refuses to accept the clause, or insists on changing it to the extent that it no longer serves the intended purpose, the Commission and Member States must consider the appropriate response. Such countries could be scrutinised under the EU listing exercise.***

# 3. EU Standard of good governance in tax matters

- 2020 [Tax Good Governance in the EU and beyond](#)

*Tax good governance is the foundation on which fair taxation is built. Broadly, tax good governance encompasses tax transparency, fair tax competition, the absence of harmful tax measures and the application of internationally agreed standards.*

# 3. EU and standard of good governance in tax matters

**Standard can be introduced in:**

- For third (non-EU countries) strategic partnership agreement: Legally binding framework for cooperation
- For third (non-EU countries) a coordinated tax clause that should be included in free trade agreements that the EU concludes with third countries
- For third (non-EU countries) relevant agreements, without prejudice to their respective competences. Thus trade and strategic partnership but also other areas (aid, cooperation)



# EU Standard in Agreements 2010: South Korea

## Article 12 Taxation

- With a view to strengthening and developing economic activities while taking into account the need to develop an appropriate regulatory framework, the Parties recognise and commit themselves to implement in the tax area the principles of **transparency, exchange of information and fair tax competition**. To that effect, in accordance with their respective competences, the Parties will improve international cooperation in the tax area, facilitate the collection of legitimate tax revenues, and develop measures for the effective implementation of the above mentioned principles.

### **EU-South Korea 2010 Framework Agreement**

- Also signed trade and investment agreement and framework participation agreement

# EU Standard in Agreements 2018: Japan

## Article 19

### Taxation

With a view to promoting good governance in tax matters, the Parties shall endeavour to enhance cooperation in line with internationally established tax standards, in particular by encouraging third countries to enhance **transparency, ensure exchange of information and eliminate harmful tax practices.**

**EU- Japan** April 2018 Strategic partnership agreement

- A legally binding pact covering not only political dialogue and policy cooperation, but also cooperation on regional and global challenges
- Also linked to Economic Partnership agreement (trade).

# EU Standard in Agreements 2018: Philippines

## Article 12

### Good Governance in the Tax Area

- With a view to strengthening and developing economic activities while taking into account the need to develop an appropriate regulatory framework, the Parties recognise and will implement the principles of **good governance in the tax area**. To that effect, and in accordance with their respective competences, the Parties will improve international cooperation in the tax area, facilitate the collection of legitimate tax revenues, and develop measures for the effective implementation of the abovementioned principles.
- The Parties agree that the implementation of these principles takes place notably within the framework of existing or future bilateral tax agreements between the Philippines and Member States.

**EU- Philippines 2018** Partnership and Cooperation Agreement. Linked to (under negotiation Trade Agreement based on the 2007 ASEAN Negotiation Directives)

# EU Standard in Agreements

## EU- China 2020 Strategic Agenda for Cooperation

- Commit to reach an agreement on the adoption of the Global Standard on **Automatic Exchange of Information** being developed by the OECD together with G20 countries in the area of taxation.

## EU- Colombia and Peru. 2010 Free Trade Agreement

### Art. 155(5) Effective and Transparent regulation

- The Parties also take note of the "Ten Key Principles for Information Sharing" promulgated by the Finance Ministers of the G7 Nations and the Agreement **on Exchange of Information** on Tax Matters of the Organisation on Economic Cooperation and Development's (hereinafter referred to as "OECD") and the Statement on Transparency and exchange of information for tax purposes of the G20.

# EU Standard in Agreements

## EU-ACP

The EU and OACPS chief negotiators concluded their negotiations on 15 April 2021. [Negotiated agreement](#)

### Art. 12 Good Governance

*6. The Parties recognise and commit themselves to implement the principles of **good governance in the tax area**, including the global standards on transparency and exchange of information, fair taxation and the minimum standards against Base Erosion and Profit Shifting (BEPS). They shall promote good governance in tax matters, improve international cooperation in the tax area and facilitate the collection of tax revenues. They shall cooperate to enhance capacity to comply with these principles and standards and reap the benefits of a thriving rulesbased financial sector. They agree to engage in timely partnership dialogue at bilateral and international levels on tax matters.*

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