



## **UFE Position Paper: Call for Evidence – "Omnibus on Taxation"**

### **1. Preliminary Remarks and UFE's Self-Conception**

The Union of Finance Personnel in Europe (UFE) welcomes the opportunity to provide feedback on the "Call for Evidence" regarding the planned "Omnibus on Taxation". As a European umbrella organisation representing the interests of more than 400,000 employees in European tax and customs administrations, we consistently evaluate EU tax initiatives at the intersection of a functioning internal market and the operational reality within European tax authorities.

Our core position, which we have outlined in numerous consultations on tax justice and anti-abuse measures at the EU level, remains unchanged: **The harmonisation and simplification of European tax law is absolutely necessary. However, it must not serve as a pretext for deregulation that weakens the fight against aggressive tax planning, nor should it lead to a unilateral shift of administrative burdens onto already overburdened European public services.**

### **2. General Assessment of the Initiative**

UFE acknowledges the European Commission's stated goal of reducing administrative burdens for businesses by at least 25% and for SMEs by 35%. Consolidating and streamlining the Parent-Subsidiary Directive, the Interest and Royalties Directive, the Merger Directive, as well as the Anti-Tax Avoidance Directive (ATAD) and the Dispute Resolution Mechanism Directive into a single "Omnibus" is a logical step.

The flexibility granted to Member States in their previous implementations has led to a highly fragmented legal landscape. UFE's member unions report from practice that the resulting divergent interpretations in cross-border cases tie up enormous personnel resources.

UFE therefore supports the Commission's approach to establish legal clarity and simplify processes through harmonization at the EU level.

### **3. Detailed Critique and UFE Demands**

#### **A. ATAD, CFC Rules, and Pillar Two (Global Minimum Tax)**

There are obvious overlaps between the Controlled Foreign Company (CFC) rules of ATAD and the global minimum tax provisions Pillar Two (Directive (EU) 2022/2523).

UFE demands a coherent integration of ATAD and Pillar Two with the explicit goal of dismantling double compliance and auditing structures within the administrations.

In the daily practice of tax authorities, the parallel application of both frameworks generates considerable additional workload that must be eliminated through clear demarcation and



subsidiarity rules. Where Pillar Two applies effectively, ATAD's CFC rules should yield; below the Pillar Two threshold of EUR 750 million annual turnover, they remain fully applicable and indispensable.

We resolutely oppose any dilution of the General Anti-Abuse Rule (GAAR) or the interest limitation rule if it opens new loopholes. Exceptions for specific sectors must be defined with absolute legal certainty and precision to preclude complex case-by-case audits and new tax avoidance schemes. Vague exception clauses generate precisely the administrative complexity that the Omnibus initiative purports to eliminate.

### **B. Withholding Tax Procedures and Corporate Tax Directives**

The diverging national procedures for obtaining withholding tax exemptions under the Parent-Subsidiary and Interest and Royalties Directives are error-prone and inefficient. Unequal interpretations of concepts such as "beneficial ownership" lead to massive legal uncertainty.

UFE renews its longstanding demand for common European anti-fraud standards. We call for the creation of a **harmonised, digital EU certificate for tax residence and beneficial ownership**, accessible to all Member State tax administrations. Ideally, this should be linked to a uniformly applicable European Tax Identification Number (EU-TIN). A standardised, digitally verifiable document would significantly reduce compliance costs for businesses while simultaneously providing tax authorities with an effective and efficient verification instrument. Simplifying procedures for taxpayers must not go hand in hand with dismantling verification capabilities for the administration.

UFE demands:

- A harmonised digital EU tax residence certificate with binding minimum content requirements, linked to a European Tax Identification Number (EU-TIN).
- A shared EU database infrastructure enabling all Member State tax administrations to access verified information digitally and without data interruptions.
- Standardised EU procedures for the application of withholding tax exemptions.
- EU-wide binding definitions of key concepts (beneficial ownership, permanent establishment); codification of relevant CJEU case law into directive texts.

### **C. Dispute Resolution Mechanism Directive and Administrative Coordination**

Interpretative uncertainties hinder the effective application of the Dispute Resolution Directive (2017/1852) and discourage taxpayers from making use of it. Despite statutory deadlines, proceedings can take up to five years, an unacceptable outcome for taxpayers and administrations alike.



Improved mechanisms for a coordinated interpretation of EU tax directives are required. Clear guidelines at the EU level, as well as vastly improved cooperation between tax authorities, are essential to prevent protracted arbitration proceedings from the outset.

#### **4. Resources, IT Infrastructure, and Enforceability**

The success of the European "Omnibus on Taxation" depends entirely on its enforceability at the grassroots level. From the perspective of the employees represented by UFE, the following framework conditions are indispensable:

**Staffing and Qualifications:** The European tax administration suffers from a glaring personnel shortage in nearly all Member States. Any restructuring of complex regulatory frameworks requires massive investments in the training and continuous education of employees.

**Digital-First Approach:** Standardised procedures will fail to have an impact if the IT systems of the Member States are not interoperable. UFE demands binding requirements for fully automated, seamless data exchange between European authorities.

**Realistic Implementation Deadlines:** The Commission plans a legislative proposal for Q2-2026. UFE warns against overwhelming administrations with overly tight implementation deadlines. The early and structural involvement of national tax administrations — not merely finance ministries — in the preparation of the legislative proposal is indispensable to minimise practical enforcement problems from the outset.

#### **5. Conclusion**

UFE supports the "Omnibus" initiative as an opportunity to make the internal market more efficient and to relieve tax authorities of redundant bureaucratic processes. However, a pure reduction of burdens for businesses must under no circumstances lead to the offloading of legal investigation and auditing efforts onto the tax administrations.

Standardisation, strict anti-abuse measures, and robust personnel and IT resources for the authorities remain the fundamental prerequisites for a fair European tax system.