

Key relevant *tax* issues of the European Union 2026



Overview of key EU Tax Areas in 2026

EU Council Presidency

- Poland-Denmark-*Cyprus* (Jan 2025-Jun 2026) → *Ireland*-Lithuania-Greece (Jul 2026-Dec 2027)

Direct tax

- *Tax Omnibus* (proposed): ATAD, PSD, IRD, Merger Directive, DRM
- *DAC recast* (proposed): consolidation of DAC 1-9 incl. DAC 8 (crypto) + DAC 9 (Pillar Two). (Pillar Two is in force since 31 Dec 2023)
- *Withdrawn (2026)*: Unshell Directive, Transfer Pricing Directive, DEBRA, Financial Transaction Tax, QMV on VAT

Indirect tax

- *ViDA* (adopted 11 March 2025, rolling out to 2035)
- *Customs Union reform* (political agreement 26 March 2026; formal adoption pending)
- *Tobacco Excise Directive* (pending political agreement). Excise simplification (study phase, 8 May 2026 workshop report)

Transparency / own resources

- *DAC 8 + DAC 9*: transposition due 31 Dec 2025 – Commission infringement procedures launched early 2026; remain live obligations
- *EU own resources* / MFF 2028-2034: digital services levy + crypto capital gains levy discussed (24-25 April 2026); no decisions taken

The Cyprus Presidency 2026

Period: From 1 January to 30 June 2026 → the final leg of the Poland - Denmark - Cyprus trio

Tax priority: EU tax simplification agenda

- ***Comprehensive review of EU tax legislations*** to eliminate outdated, overlapping, unnecessary or unclear requirements.

Key milestones:

- ***Tax Omnibus and DAC recast*** proposal is published (24 - 25 June)
- A debate on the DAC recast proposal and a political agreement on the ***Tobacco Excise Directive*** (12 June at the next ECOFIN meeting)
- ***Update on the non-cooperative jurisdictions*** → Turks & Caicos, Viet Nam added; Fiji, Samoa, Trinidad & Tobago removed. Next update is due for October 2026.

Next trio: **Ireland** (July 2026 - December 2026) → **Lithuania** (January 2027 - June 2027) → **Greece** (July 2027 - December 2027)

Tax Omnibus and DAC Recast

☐ Tax Omnibus proposal → would amend 5 direct tax directives in one legislative act (PSD, IRD, ATAD, TMD, DRM). The following changes under consideration are:

- **PSD/IRD** → introduction of more efficient WHT relief procedures
- **ATAD** → adjustment of CFC and interest limitation rules where these overlap with Pillar Two, reducing duplication and compliance obligations
- **DRM Directive** → stricter timelines, improved coordination with MAPs.

☐ DAC recast (proposed) → consolidating DAC 1–9 into one instrument:

- **DAC 6**: Category A hallmark deletion + 30→90-day deadline under consultation, possible shift of reporting obligation solely to the taxpayer → not yet adopted
- **DAC 7**: raise threshold for occasional sellers
- **Unshell Directive (ATAD 3)**: formally withdrawn in 2026 and only limited substance hallmarks may be integrated into the recast, not the full directive

☐ Expected publication: 24–25 June 2026 (Presidency target; not a confirmed legal date)

WITHDRAWN PROPOSALS

Commissioner Hoekstra (ECON/FISC exchange of views) - 9 February 2026:

- focus on files with **realistic prospects of agreement**
- priority on implementation of existing rules
- described as a “pragmatic clearing of the table”

The current **5 proposals that are no longer on the table under the 2026 work programme:**

- UNSHELL Directive
- Transfer Pricing Directive
- DEBRA
- Financial Transaction Tax
- QMV on technical VAT matters

New direction: consolidation, not new legislation:

- Commission Communication “***A Simpler, Clearer and Better Enforced EU Rulebook***” (28 April 2026): simplicity by design; preference for regulations over directives; sunset clauses; stronger enforcement

OTHER CURRENT TAX DOSSIERS

VAT fraud and administrative cooperation → General approach reached at ECOFIN meeting on 5 May 2026 on proposal granting EPPO and OLAF access to EU VAT data systems:

- access to VIES, CESOP and IOSS information
- ECON Committee vote expected on 3 June 2026, trilogues before end of the Cyprus presidency, substantive provisions apply from 1 September 2026 once formally adopted.

ViDA (adopted 11 March 2025) → rolling out progressively to 2035

- Not a single 2026 transposition deadline; phased: 1 Jul 2030 mandatory e-invoicing for intra-EU B2B.
- Operational transformation for businesses and advisers even where phased

Customs reform (political agreement 26 March 2026; formal adoption pending)

- EU Customs Data Hub; EU Customs Authority in Lille; e-commerce platforms liable from 2028, all goods by 2034.
- Most significant overhaul since 1968.
- Entry-into-force depends on final legislative steps

OTHER CURRENT TAX DOSSIERS

Tobacco Excise Directive → **ECOFIN vote targeted 12 June 2026 (unanimity required):**

- The reform updates the EU's tobacco excise rules, which have not been fully revised since 2011
- The Commission's proposal, tabled on 16 July 2025, aims to raise minimum excise rates and extend the scope to newer products.
- 5th Cyprus compromise: 60% min. rate; covers e-cigs, heated tobacco, nicotine pouches (first time).
- Member States remain divided over tax levels, scope, and the risk of illicit trade.

Excise duties simplification → Ongoing Commission work on simplification of intra-EU excise procedures:

- Goal: cut red tape and reduce compliance costs for businesses moving excisable goods across Member State
- Main pain points: different national practices, fragmented reporting, and weak coordination between excise, customs, and VAT processes.

Pillar Two, the US Factor and Digital Taxation

□ Pillar Two

- OECD released the **SbS package** in January 2026, adding new safe harbours and simplification.
- It lets Pillar Two sit alongside qualifying domestic minimum tax systems, with the US as the main beneficiary
- US-headed groups may benefit from the SbS safe harbour, reducing exposure to IIR/UTPR top-up taxes → raises competitiveness concerns for EU-headed groups

□ Digital taxation

- The *Commission is not planning a new EU DST proposal* at this stage
- Pillar One talks remain on hold.
- Focus is shifting to competitiveness, simplification, and OECD coordination.

Taxation is permanent,
*but the legal regulations which determine it
are constantly changing!*

***Thank YOU for your
Kind Attention!***

