European Commission - Press release

Tax simplification package to streamline compliance and enhance competitiveness of the Single Market

Brussels, 24 June 2026

Today, the European Commission adopted an ambitious tax simplification package designed to simplify EU tax rules and reduce compliance burdens for businesses. The package comprises of two proposals, the **Taxation Omnibus** and the **Recast of the Directive on Administrative Cooperation (DAC)** and will modernise the EU's direct tax framework and strengthen the competitiveness of the Single Market while maintaining the existing strong level of protection against tax fraud, evasion and avoidance. The package is expected to save EU businesses around €8 billion annually, of which €3.3 billion in administrative costs.

Tax Simplification Package

Over the past decade, the EU has significantly developed its direct taxation framework. Most notably, developments have addressed the challenges arising from globalisation, digitalisation, the rise of aggressive tax planning practices and the need to strengthen the functioning of the internal market. This framework has delivered important results. However, the cumulative effect of successive legislative initiatives has also increased complexity and compliance costs for businesses operating cross-border.

The proposal addresses these issues and ensures that the Union's direct tax framework remains coherent, proportionate and effective. Its goal is to simplify the acquis in direct taxation, reduce unnecessary compliance burdens, enhance legal certainty, and facilitate cross-border activity in the internal market.

The **Omnibus on Direct Taxation**, it introduces key measures, such as:

- *Simplifying cumbersome rules to improve the internal market*: The Omnibus introduces an exemption from withholding tax on all cross-border payments of dividends, interest, and royalties between companies in the EU. By removing upfront procedural requirements and simplifying refund processes, the measure will facilitate financing, encourage investment, and enhance competitiveness. This measure alone should bring EU taxpayers savings and benefits of around €5.3 billion annually.
- *Facilitating Financing*: The Omnibus removes unnecessary restrictions on genuine third-party and market financing, making it easier for businesses to invest in the internal market. The Omnibus also simplifies the interest limitation rule in the Anti-Tax Avoidance Directive (ATAD) by eliminating implementation options and making the de minimis threshold mandatory. These changes will bring about compliance and administrative reductions amounting to over €500 million per year.
- *Eliminating Duplication*: The Omnibus removes overlapping provisions between the Controlled Foreign Company (CFC) rules and the global minimum tax (Pillar Two), reducing unnecessary complexity and overlaps. This measure should save businesses approximately €160 million in compliance costs annually.

The main objectives of the **DAC recast** proposal are to simplify, clarify and enhance the EU legal framework for administrative cooperation in the field of direct taxation. By bringing together the DAC and its eight amendments into one single legal text, the legislation is more user-friendly and coherent, thereby improving legal certainty.

The recast introduces some key measures, such as:

- *Removing reporting obligations for certain cross-border arrangements*: The recast removes

reporting obligations for Multinational Enterprise (MNE) groups subject to the minimum 15% tax rate under Pillar 2 rules, generating compliance cost savings of around €300 million. It also eliminates reporting requirements for all other EU businesses for certain cross-border tax arrangements that provide limited added value for tax administrations, reducing reporting volumes by 35% and saving €40 million annually.

- *Supporting the Circular Economy*: The recast increases the reporting threshold for the online sales of goods, removing reporting obligations on over 10 million private sellers, particularly those selling second-hand goods. This measure delivers compliance cost savings of €678 million for digital platforms.
- *Improving Taxpayer Identification*: The recast introduces a new verification tool for taxpayer identification numbers, ensuring that tax administrations can efficiently and effectively identify all reported taxpayers.

Next steps

The package will now be submitted to the European Parliament for consultation and the Council for adoption.

Background

Since the start of this mandate, simplification has been a core priority of the Commission's work, with clear targets of at least 25% reduction in administrative burdens (35% for SMEs) and EUR 37.5 billion in annual savings by 2029. With the packages proposed today, the Commission has already put forward twelve omnibus packages and a broad set of targeted measures last year, cutting over €18 billion in recurring annual administrative costs.

But this is not just about reducing paperwork – simplification is a core part of the Commission's competitiveness agenda. It is about changing Europe's regulatory culture: designing rules that are clearer from the start, more proportionate, and easier for businesses, especially SMEs, to understand and comply with. The aim is to keep Europe's high standards, while making it easier to invest, innovate and grow across the Single Market.

For more information

Factsheet

Questions and Answers

Tax Simplification Package

Executive Summary Impact Assessment of the Taxation Omnibus

Proposal for the Taxation Omnibus

Impact Assessment of the Taxation Omnibus

Working Document for the Taxation Omnibus

Annexes for the Taxation Omnibus

Proposal for DAC Recast

Impact Assessment DAC Proposal for a Council Directive

Annexes DAC proposal for a Council Directive

Regulatory Scrutiny Board Opinion for the DAC Recast

Executive Summary of Impact Assessment of the DAC Recast

Subsidiary Grid for the DAC Recast

IP/26/1439

Quote(s):

"Europe needs simpler rules to deliver better results. Our tax simplification proposals offer solutions will radically improve clarity and legal certainty for businesses and tax administrations alike. They will reduce overall compliance costs for European businesses by almost €8 billion per year, including €3.3 billion in annual administrative costs. This brings total savings from our simplification agenda so far to over €18 billion – almost half of our goal for this mandate. Our proposals will also help remove obstacles to cross-border investment and economic activity, strengthening the EU's Single Market and advancing the Savings and Investments Union. By simplifying the Directive on Administrative Cooperation, we are also advancing our regulatory deep cleaning agenda. The European Commission is determined to keep building a more competitive and prosperous Europe – we won't stop until we get there."
Valdis Dombrovskis, Commissioner for Economy and Productivity; Implementation and Simplification - 24/06/2026

"Today's simplification package sends a clear message: Europe is serious about competitiveness, making it easier for our businesses to grow, invest, and succeed on its soil. We are upholding high standards of tax transparency and fairness, and at the same time, we are decreasing the administrative burden and modernising our tax framework, saving approximately €8 billion."
Wopke Hoekstra, Commissioner for Climate, Net Zero and Clean Growth - 24/06/2026

Press contacts:

Louise BOGEY (+32 2 29 69776)
Bridget MOYLAN (+32 2 29 82844)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email

Related media

Press conference by Valdis Dombrovskis, and Wopke Hoekstra, European Commissioners, on omnibus proposals on taxation and on energy product legislation