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ECOFIN: EU Finance Ministers to Discuss Tax Challenges of Capital Market Integration & VAT Rules for Distance and Imported Goods

At the [ECOFIN meeting](#) of EU Finance Ministers scheduled for 13 May 2025 in Brussels, the European Commission will present actions being taken to accelerate financial integration and increase EU competitiveness, in particular concerning the Savings and Investments Union. This initiative forms part of a broader strategy to deepen and modernise EU capital markets, aiming to foster a truly integrated Single Market for savings and investment.

A key element under discussion is cross-border barriers—particularly tax-related obstacles—that impede efficient trading, post-trading, and fund distribution. As part of this effort, the Commission has launched a [targeted consultation](#) that invites feedback on how domestic tax systems contribute to legal and regulatory fragmentation. Stakeholders are being asked to highlight instances where inconsistent national tax rules—such as complex withholding tax procedures or varying tax treatment of financial instruments—undermine the scalability of investment products and the consolidation of financial infrastructure.

The initiative also examines the role of tax policy in shaping the asset management landscape across Europe. This includes evaluating how national tax regimes may affect fund passporting and the consolidation of fund structures. Additionally, the consultation raises concerns over “gold-plating” of EU rules, where national implementation exceeds the baseline EU requirements, further complicating cross-border operations.

Importantly, the Commission is also drawing links between tax complexity and supervisory divergence, noting that inconsistent regulatory and fiscal frameworks can increase operational costs and deter firms from operating across borders. The consultation, which runs until 10 June 2025, is expected to inform upcoming legislative proposals later this year aimed at enhancing supervisory convergence

and potentially reallocating some supervisory responsibilities to the EU level.

Another key tax-related item on the ECOFIN agenda is the proposed Directive concerning Value Added Tax (VAT) rules for distance sales of imported goods. The Finance Ministers will seek to reach a general approach on this legislative proposal, which aims to update and streamline the VAT framework for e-commerce, particularly in relation to goods imported into the EU, with a view to improving VAT collection and closing existing loopholes in cross-border transactions.

OECD G20 Report on Inclusive Forum on Carbon Mitigation Approaches

The OECD Secretary-General's [report](#) to the G20 Finance Ministers and Central Bank Governors, sets out the most recent work of the Inclusive Forum on Carbon Mitigation Approaches. The Forum aims to build a common understanding of carbon mitigation strategies while minimising negative cross-border effects such as carbon leakage and trade distortions.

A key tax-related development is the Forum's focus on carbon intensity metrics and the interoperability of emissions reporting systems. The Forum is working to address the proliferation of differing standards for calculating and reporting carbon emissions—a major concern for multinational companies navigating multiple tax jurisdictions, as highlighted in discussions at a [FISC hearing](#) last week by the experts in attendance. Efforts to support harmonised metrics will help reduce compliance costs and support low-carbon innovation. These developments follow the release of a major OECD report in late 2024, which identified critical challenges such as inconsistent methodologies, lack of data granularity, and disproportionate burdens on small and developing-economy businesses.

Of particular relevance is the IFCMA's development of a Climate Policy Database, scheduled for release by the end of 2025. This database will systematically catalogue country-level climate-related policy instruments, including taxes, subsidies, emissions trading schemes, and regulatory standards. Importantly, the initiative also includes methodologies to quantify the share of emissions covered by each policy, offering crucial insights into the effectiveness and coverage of national carbon pricing regimes. This will become a valuable tool for policymakers and advisers seeking to benchmark climate tax policies globally.

Lastly, the Forum's work on assessing the actual emissions impact of mitigation policies—via linked modelling and empirical reviews—is directly aligned with the

growing need for evidence-based climate taxation. Early pilot studies indicate that most policies do reduce emissions, but effectiveness varies by design and national context. The forthcoming release of a literature review covering nearly 200 studies will further support the IFCMA's commitment to data-driven policy evaluation.

FISC Hearings to Examine Future of EU Anti-Avoidance Rules & Implementation of OECD Tax Framework

On 15 May 2025, the [FISC Subcommittee](#) will convene two consecutive public hearings focused on the evolving landscape of international and EU tax policy. The hearings will examine how the European Union can strengthen its framework against tax avoidance while aligning with global developments, particularly in light of transatlantic relations and the implementation of the OECD/G20 Two-Pillar Solution.

The first hearing, titled [“The Future of EU Anti-Avoidance Tax Rules, Including Simplification,”](#) will explore the effectiveness of current EU-level anti-avoidance measures and assess the potential for simplification and harmonisation. The session will address whether existing directives adequately tackle aggressive tax planning and how EU rules interact with national systems. The role of transparency and the need for future legislative action will also be discussed. Expert speakers will include: Mr Francesco De Lillo from the International Bureau of Fiscal Documentation (IBFD); Ms Saara Hietanen of Finnwatch; Dr Borbála Kolozsi of Eötvös Loránd University; and, Mr Bob Michel from the Tax Justice Network. Their interventions will be followed by an exchange with FISC Members.

The second hearing, [“The Implementation of the 2 Pillar Framework in View of International Developments and the EU-US Relations,”](#) will focus on the EU's efforts to implement the OECD/G20 Two-Pillar global tax agreement. Particular attention will be given to the status of Pillar One and Pillar Two, and how these measures impact EU-US cooperation, investment flows, and broader multilateral negotiations. The panel will consider how the EU can effectively transpose these international standards while maintaining a level playing field. Speakers will include: Ms Manal Corwin, Director of the OECD Centre for Tax Policy and Administration; Prof. Petr Janský of Charles University; and, Prof. Dr. Nadine Riedel from the University of Münster. An interactive discussion with Members of the FISC Subcommittee will follow the presentations.

EU Prepares Dual-Track Strategy in Transatlantic Trade Tension

The European Commission has outlined a [dual-track strategy](#) to address trade tensions with the United States under President Donald Trump. This approach combines potential concessions with the threat of retaliatory tariffs, aiming to secure a fair trade agreement while preparing for possible escalation.

The EU is [reportedly](#) exploring ways to strengthen trade ties by easing regulatory barriers and increasing cooperation in the energy sector. Among the most notable offers under discussion are reductions in tariffs on US-made cars and proposals for a broader industrial agreement aimed at eliminating duties on a range of non-agricultural goods. These efforts are designed to demonstrate goodwill and avoid further deterioration of the transatlantic trade relationship.

However, the Commission is also making contingency plans in case diplomatic efforts fail. A fresh list of American products that could face EU tariffs has been drawn up and would be activated swiftly if necessary. This would revive elements of previous retaliation frameworks that were suspended during a temporary easing of tensions, sending a strong signal that the EU will not remain passive if targeted by unilateral US trade measures.

The countermeasures are specifically designed to defend vital European industries, including steel, automotive, pharmaceuticals, and digital services. European Commission President Ursula von der Leyen has warned that, should talks fail to yield a fair agreement, the EU is ready to unleash what she described as “EU trade bazooka” measures — including potential levies on digital advertising revenues, which could significantly impact large US tech firms. European leaders have also reiterated the broader economic risks of protectionism, including potential supply chain disruptions, inflationary pressures, and a disproportionate impact on vulnerable global populations.

CJEU Ruling Clarifies Conditions for Selective Advantage in State Aid & Tax Exemptions

The Court of Justice of the European Union (CJEU) has handed down a Grand Chamber ruling in [Case C-453/23, *Prezydent Miasta Mielca*](#), providing clarification on the criteria for assessing the selectivity of tax exemptions under EU State aid rules.

The case concerned a Polish tax exemption for land, buildings and structures

forming part of railway infrastructure. The Court ruled that a measure of general and abstract application, such as a broadly available tax exemption, is not considered selective under Article 107(1) TFEU if it applies equally to all undertakings. However, the Court reiterated that such a measure could still be regarded as selective if it benefits only a specific and consistent category of undertakings defined by their nature or activities, or if it forms part of a system that is configured according to manifestly discriminatory parameters.

In this instance, the CJEU found that the Polish tax exemption did not appear to confer a selective advantage, as it applied based on neutral criteria to various taxpayers, including undertakings of different sizes and sectors, as well as non-economic entities. The measure also served both budgetary and environmental objectives. Nonetheless, the final determination of whether the exemption constitutes State aid is left to the national court.

In its reasoning, the Court linked the selectivity assessment to the principle of non-discrimination, confirming that deviations from a general tax regime must not result in unjustified advantages for certain undertakings. The judgment draws on established case-law, including the *Gibraltar* and *Apple* decisions, and emphasises the importance of ensuring that tax measures respect the internal logic and structure of the national tax system.

This judgment reinforces the importance of the non-discrimination principle in assessing the selectivity of tax measures under EU State aid rules. It also provides further guidance on how general tax exemptions should be evaluated, emphasising that such measures must not result in unjustified advantages for certain undertakings.

The European Commission acknowledged the judgment and stated it would carefully assess its implications.

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