

Commission Initiates Public Discussion on Tax Avoidance Schemes by Shell Companies



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News

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On 4 June 2021, the Commission [launched a public consultation](#) on which action should be taken to curb the use of shell entities or legal arrangements for tax evasion purposes. The Commission points out that the EU has provided powerful instruments to tax administrations in recent years that tackle the use of abusive (often purely artificial) and aggressive tax structures by taxpayers operating cross-border in order to reduce their tax liability. However, legal entities with no or only minimal substance, performing no or very little economic activity continue to pose a risk of being used in aggressive tax planning structures. The Commission sees a need for action after [investigative journalists uncovered](#) tax-saving schemes with such legal entities in Luxembourg (“OpenLux investigation”). As a consequence, the European Parliament, journalists and civil society organisations requested clear Union rules that tackle situations involving the lack of substance of legal entities and arrangements with the purpose of minimising tax liability. The civil society has the opportunity to comment on the Commission’s plans until 27 August 2021.

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