

# MEPs Blame Hungary for Blocking Historic Tax Deal

Thomas Wahl



## News

In a [resolution of 6 July 2022](#), the European Parliament expressed its dissatisfaction with the blocking of EU rules on global minimum effective corporate taxation for large group companies. A planned Council Directive on “ensuring a global minimum level of taxation for multinational groups in the Union”, which was [proposed by the Commission on 22 December 2021](#), is currently at a standstill since some Member States are exercising their right of veto in the Council.

MEPs particularly call on Hungary to put an immediate end to its blockage of the global tax deal in the Council; the Commission and the other Member States must not give in to blackmail. The resolution submits that Hungary’s reported demands, notably in relation to substance-based carve-outs, were already largely taken into account in the international agreement. In any event, the Commission and the Council must “refrain from approving Hungary’s national recovery and resilience plan unless all the criteria are fully complied with”. If Hungary persists with its veto, alternative options should be explored to honour the EU’s commitments, including the possible use of “enhanced cooperation”.

The resolution also stressed that global and EU tax rules are not fit for modern-day economy, favouring tax avoidance and hurting small and medium-sized companies. For the longer term, Member States should consider the benefit of transitioning to qualified majority voting, and the Commission should relaunch the idea to gradually introduce majority voting on tax matters.

The Council Directive at issue is to implement the so-called second pillar of the historic [global tax reform agreement](#) reached by the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) in 2021. Pillar II aims to control tax competition on corporate profits by introducing a global minimum tax of 15% from 2023.

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