



Council of the European Union
Rue de la Loi
175 B-1048
Brussels
Belgium

2 July 2026

Dear Ambassador,

RE: Tax Simplification – Europe’s Moment to Deliver

In their March 2025 conclusions, ECOFIN Ministers committed to a tax decluttering and simplification agenda, reducing administrative and compliance burdens and eliminating outdated rules as a direct contribution to European competitiveness. The Commission has now responded with the Direct Taxation Omnibus proposal. The package provides an important opportunity to achieve meaningful simplification in practice.

Over time, the European tax framework has become increasingly complex. National rules, EU legislation and international standards have been layered upon one another, often without sufficient consideration of their cumulative impact. Businesses operating across borders are increasingly required to comply with multiple sets of rules pursuing similar objectives, but through different procedures and reporting obligations. European businesses now operate under the full weight of the OECD global minimum tax framework, while key competitor economies apply those same rules only selectively or not at all. Divergent implementation across Member States further increases costs and legal uncertainty.

The economic consequences are significant. Tax compliance costs across the EU are estimated at approximately €200 billion annually, with a disproportionate impact on smaller businesses. Resources that could otherwise support investment, innovation and job creation are instead devoted to increasingly complex compliance obligations. Complexity also places significant demands on tax administration. As Mario Draghi has noted, reducing internal barriers within the Single Market is essential if Europe is to strengthen its competitiveness and attractiveness as a place to invest, and unnecessary tax complexity is one of the most immediate and addressable contributors to those barriers.

The Commission's Tax Omnibus proposal, presented on 24 June 2026, is a welcome and necessary response to Member States' decluttering objectives. The opportunity now is for the Council to build on that ambition and carry it through to delivery.



We encourage Member States to focus on three priorities:

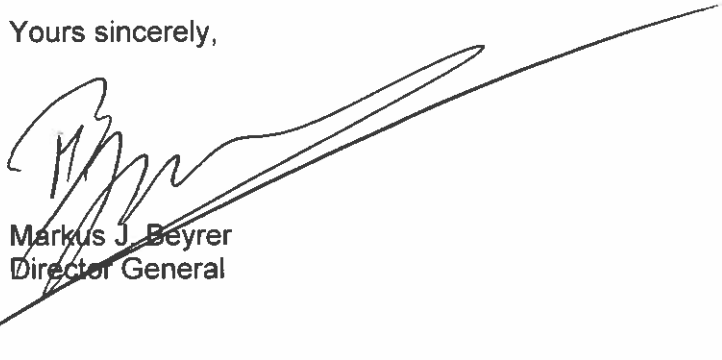
1. **Preserve the proposal's core simplification objectives and ensure a workable final framework.** Where adjustments are needed to fit national systems, they should be made to maintain, rather than dilute, the overall simplification gain, ensuring that the cumulative effect of Council negotiations is to deliver meaningful relief, not erode it.
2. **Deliver simplification within a timeframe that supports Europe's competitiveness objectives, while ensuring the rules are well designed and durable.** Businesses and tax administrations alike need simplification that delivers lasting benefits.
3. **Make full use of this opportunity to strengthen Europe's investment environment.** Used well, the proposed R&D allowance can reinforce Europe's attractiveness as a location for innovation and high-value investment. To achieve that, it should reflect how research and development is actually undertaken in today's economy, so that it delivers real effect in practice.

Businesses, investors and international partners will ultimately judge Europe's competitiveness agenda not by the commitments it makes, but by the results it delivers.

BusinessEurope remains committed to engage constructively with the Council to help ensure that Europe emerges from this process with a simpler, more effective and more competitive tax framework.

We urge you to ensure that the Council's response is equal to the moment.

Yours sincerely,



Markus J. Beyrer
Director General