



Luxleaks - The next level

Regulatory Update

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Until recently, the Luxembourg Government had resisted the European Commission's attempts to disclose the beneficiaries of tax rulings. It had even taken the information injunction to the EU Court of Justice. This has now changed.

On 18 December 2014, the Luxembourg Government announced its willingness to fully comply with the Commission's information request, and to drop its request for judicial review.

Background: In March 2014, the European Commission adopted an information injunction against Luxembourg, asking it to disclose the identity of the 100 largest companies that had obtained tax rulings.

The surprising turnaround reflects that the Commission decided to push this issue to the next level. On 17 December 2014, Commissioner Vestager announced that the Commission broadened the tax ruling enquiry to all EU Member States. The other Member States will soon receive information requests for tax rulings granted between 2010 and 2013.

So far, the Commission had focused on just a few Member States including Belgium, Cyprus, Ireland, France, Hungary, Luxembourg, Malta, the Netherlands, Spain and the UK.

It is understood that the Commission intends to adopt a decision regarding the four ongoing investigations into tax rulings granted to multinational companies before the summer 2015 and to use them as test cases to establish a new line of policy in the field.

What next? Given this brutal change in enforcement climate, companies working with tax rulings should undertake an internal health check to assess whether their tax ruling deviates from standard tax rules. If yes, they could soon be on the Commission's radar screen. DLA Piper can help you navigate through these troubling waters.

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