



Dear Sir or Madam,

CFE Tax Advisers Europe has published an [Opinion Statement](#) on the European Commission public consultation on fighting the use of shell entities for tax avoidance purposes.

CFE considers the present EU anti-avoidance framework (based primarily on ATAD and the ECJ case law) to be robust and sufficient to tackle serious issues pertaining to aggressive tax avoidance, by empowering national tax administrations with the necessary tools to identify and address structures that appear to be abusive and aggressive, or contrary to the established EU law standards. From the CFE's perspective, the challenges to successfully designing balanced measures addressing abuse of shell entities at EU level are three-fold:

1. How to meaningfully scope shell entities and provide definitions that are sufficiently clear to exclude entities engaged in legitimate holding, estate planning, financial, insurance/reinsurance and/or commercial activities, even if they do not need staff and equipment to achieve such purposes;
2. How to choose a policy solution that is fit for purpose in the context of the existing measures aimed at targeting solely abusive/illicit use of shell entities;
3. How to avoid complex legislation which includes hallmarks, such as those used in DAC 6, instead of clear legal definitions. Discussions that the CFE has had with relevant stakeholders, suggest that many taxpayers, their advisers and tax administrations are still struggling to understand the scope of those hallmarks.

CFE's view is that new anti-avoidance initiatives are not necessary at present, given that there are plethora of existing rules and practices enshrined in EU law which would be suitable to address the concerns outlined in the EU initiative to tackle abusive use of shell entities for tax avoidance purposes. This baseline scenario would be most suitable at

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present, from a policy, practical and administrative compliance perspective. Prior to any potential EU action, the Commission, in cooperation with Member states should assess Member States' practices and legislation (where existing) to address use of shell entities for tax avoidance and evasion purposes.

We invite you to read our [statement](#), and remain available for any queries you may have.

Kind regards,

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