

SPANISH PARLIAMENT

REPORT

1.- Article 5.1 of the Treaty on European Union states that *'the use of Union competences is governed by the principles of subsidiarity and proportionality'*. According to Article 5(3) of the same Treaty, *'under the principle of subsidiarity the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can be better achieved, by reason of the scale or effects of the proposed action, at Union level'*.

2. The legislative proposal analysed is based on Article 115 of the Treaty on the Functioning of the European Union, which provides as follows:

'Article 115

Without prejudice to Article 114, the Council shall, acting unanimously in accordance with a special legislative procedure and after consulting the European Parliament and the Economic and Social Committee, issue directives for the approximation of such laws, regulations or administrative provisions of the Member States as directly affect the establishment or functioning of the internal market'.

3. - We believe that, in principle, the Proposal for a Directive subject to review should be viewed favourably, given that it goes further in the significant challenge of combating aggressive and abusive tax situations and systems which have allowed companies to drastically reduce their taxable base and therefore their tax liability. Clearly, this leads to a loss of tax revenues for Member States' treasuries which, together with current information technology challenges and the ease of relocating income, among other factors, must be tackled urgently by the European Union.

CONCLUSION

For the aforementioned reasons, the Joint Committee for the European Union finds that the Proposal for a Council Directive amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries complies with the principle of subsidiarity laid down in the Treaty on European Union currently in force.