EXTENDED CONTENTS

List of contributors xi
Preface xii
Acknowledgements xiii
Table of cases xiv
Table of legislation xx

1. From abuse to base erosion, how did it come to this?
   Frans Vanistendael
   A. A SHORT INTRODUCTION 1.1
   B. ABUSE OF COMMUNITY LAW 1.7
   C. TAX AVOIDANCE AS A JUSTIFICATION FOR MEASURES RESTRICTING THE FUNDAMENTAL FREEDOMS 1.11
   1. Extending justifications to ‘fiscal supervision’ under the Rule of Reason 1.11
   2. Initial rejection by the CJEU of tax avoidance as justification 1.14
   3. Marks & Spencer, the turning point 1.16
   D. TAX AVOIDANCE AS ABUSE OF COMMUNITY LAW 1.20
   1. Abuse of Community law in customs 1.20
   2. Halifax: abuse of law is an interpretation principle of EU law 1.22
   3. Cadbury Schweppes: limiting tax avoidance to abuse of Community law 1.23
   4. Variations in the wording of CJEU case law after Cadbury Schweppes 1.29
   E. TRADITIONAL FORMULATION OF ANTI-AVOIDANCE RULES IN EU DIRECTIVES 1.34
   1. Two formulas of traditional formulation of anti-avoidance rules 1.34
   2. The reference to national and agreement-based rules 1.35
   3. The reference to ‘the principal objective or one of the principal objectives’ 1.37
   4. Conclusion on traditional anti-avoidance rules 1.42
   F. BEPS: THE DIFFERENCE BETWEEN BASE EROSION AND TAX AVOIDANCE 1.43
   1. The key indicators of the new approach 1.43
   2. The new objective of tax conventions 1.44
   3. New BEPS rules for treaty benefits 1.46
   G. NEW TAX AVOIDANCE RULES IN EU DIRECTIVES 1.50
   1. A conventional start before BEPS 1.50
   2. The impact of BEPS in the Parent-Subsidiary Directive 1.51
   3. GAAR in ATAD 1.56
   4. The interpretation of GAAR in ATAD 1.60

2. The general scope of the ATAD and its position in the EU legal order
   Werner Haslehner
   A. INTRODUCTION 2.1
   B. SCOPE AND OBJECT OF THE ATAD 2.3
   1. Article 1 ATAD: harmonisation of corporate tax legislation 2.3
   2. Article 3 ATAD: minimum harmonisation 2.9
   C. THE ATAD AND EU LEGISLATIVE COMPETENCE 2.16
   1. Article 115 TFEU, subsidiarity, and proportionality 2.16
   2. The impact of the ATAD on the distribution of competence in the EU 2.27
   D. THE ATAD AND PRIMARY EU LAW 2.35
   1. The relationship between primary and secondary EU law 2.35
   2. Substantive limits for ATAD implementation 2.40
**E. THE ATAD AND IMPLEMENTATION IN NATIONAL LAW**

1. General 2.46
2. Scrutiny of national implementation measures 2.47
3. The ATAD and direct effect 2.54
4. Analogous application of the ATAD beyond its scope 2.61

**F. THE ATAD AND THE RELATIONSHIP WITH TAX TREATIES**

2.64

**G. THE ATAD AND EU FUNDAMENTAL RIGHTS**

2.70

**H. CONCLUSION**

2.74

3. Abuse of law as a general principle of European Union (tax) law

Roland Ismer

**A. INTRODUCTION**

3.1

**B. THE PROHIBITION OF ABUSE IN INDIRECT TAXATION**

3.5

**C. CASE LAW ON DIRECT TAXATION**

3.15

1. Uniform, directly applicable general principle of prohibition of abuse 3.16
2. Motive test and indications for abuse 3.19

**D. IMPLICATIONS FOR THE PRINCIPLE OF PROHIBITION OF ABUSE**

3.23

1. Limited impact 3.24
2. *Ignorant qui portum petat nullus suus ventus est*: importance of teleological reasoning 3.28
3. No fiscal double dip 3.33
4. One right answer on abuse? 3.34

**E. CONCLUSION**

3.36

4. The interest limitation (Article 4 ATAD)

Daniel Gutmann

**A. INTRODUCTION**

4.1

**B. SCOPE OF THE INTEREST LIMITATION RULE**

4.8

1. Personal scope 4.8
2. Exclusions 4.18
   (a) Threshold 4.19
   (b) Standalone entities 4.20
   (c) Other exclusions 4.23
3. Substantive scope: ‘exceeding borrowing costs’ 4.27

**C. DEDUCTION LIMIT: 30% EBITDA**

4.30

**D. SAFE HARBOUR**

4.35

1. Consolidated group 4.39
2. Effect of the safe harbour rule 4.44

**E. TAX TREATMENT OF NON-DEDUCTIBLE EXCEEDING BORROWING COSTS**

4.46

**F. CONCLUSION**

4.49

5. The exit tax rule (Article 5 ATAD)

Paloma Schwarz

**A. INTRODUCTION**

5.1

**B. EXIT TAXES: RAISON D’ÊTRE**

5.8

**C. RELEVANT CJEU CASE LAW**

5.11

1. Restriction of the freedom of establishment and free movement of capital 5.12
2. Justification 5.13
   (a) Determination of the taxable amount and step-up in value 5.14
   (b) Option to choose between immediate payment and deferred payment 5.16
   (c) Obligations linked to a deferred payment 5.18
   (d) Loss of taxing power 5.25
   (e) Exit taxes and EEA states 5.27

**D. THE EXIT TAX RULE OF THE ATAD**

5.29

1. Scope of the provision 5.29
2. Tax base 5.36
3. Payment of exit tax 5.39
4. Interest charges and guarantees 5.43
5. Step-up in value 5.47
## EXTENDED CONTENTS

6. Temporary transfers 5.50

E. IMPLEMENTATION CHALLENGES 5.51

1. General remarks 5.51
2. Going beyond the ATAD 5.53
3. Cross-border transfers to third countries 5.55
4. Step-up in value – an incomplete solution to overcome double-taxation 5.60

F. CONCLUSION 5.62

6. The GAAR (Article 6 ATAD)  
Blazej Kuźniacki

A. INTRODUCTION 6.1

B. SCOPE OF ARTICLE 6 6.7

1. The corporate tax liability (and beyond) 6.7
2. Cross-border and domestic situations 6.9
3. Perception of abusive arrangements and minimum standard by MSs 6.12
4. Relationship of Article 6 to SAARs 6.14

C. DEFINITIONS 6.22

1. The term ‘an arrangement or a series of arrangements’ 6.24
2. The term ‘a tax advantage’ 6.27

D. RELEVANT CJEU CASE LAW 6.31

E. CONTENT OF ARTICLE 6 6.38

1. ‘The main purpose or one of the main purposes of obtaining a tax advantage’ 6.40
2. ‘Defeats the object or purpose of the applicable tax law’ 6.51
3. ‘An arrangement or a series of arrangements which are not genuine having regard to all relevant facts and circumstances’ 6.69

F. LEGAL CONSEQUENCES 6.93

G. CONCLUSIONS 6.102

7. Controlled foreign company rule (Articles 7 and 8 ATAD)  
Alexander Rust

A. INTRODUCTION 7.1

B. SCOPE OF THE PROVISION 7.5

C. DEFINITIONS 7.7

D. CJEU CASE LAW 7.8

E. GENERAL OVERVIEW 7.15

F. THE RULES IN DETAIL 7.17

1. Taxpayer 7.17
2. Controlled foreign company 7.18
3. Control requirement and attribution of income 7.24
4. Low taxation 7.33
5. Passive income 7.41
   (a) List of income categories 7.42
   (b) Income arising from non-genuine arrangements 7.46

G. IMPLEMENTATION CHALLENGES 7.49

1. Avoidance of double taxation 7.49
2. Fragmentation of the internal market 7.51
3. Way of implementing the directive 7.54

H. CONCLUSIONS 7.56

8. Hybrid financial instruments and anti-hybrid rules in the EU ATAD (Article 9 ATAD)  
Leopoldo Parada

A. INTRODUCTION 8.1

B. BACKGROUND 8.4

C. HYBRID FINANCIAL INSTRUMENTS IN A NUTSHELL 8.9

D. THE ANTI-HYBRID MISMATCH RULES IN THE ATAD 8.14

1. The anti-hybrid rules 8.14
2. Scope 8.18
   (a) Subjective scope 8.18
   (b) Objective scope 8.20
3. Application of the anti-hybrid rules 8.31
   (a) Double deduction cases 8.31
   (b) Deduction/non-inclusion cases 8.34
E. SPECIFIC IMPLEMENTATION CHALLENGES 8.38
   1. The concept of ‘payments’ and NID regimes 8.38
   2. Anti-hybrid rules in D/NI cases and interest limitation rules 8.42
   3. Potential circularity of the anti-hybrid rules 8.46
F. CONCLUSIONS 8.48

9 Hybrid entities and anti-hybrid rules in the EU ATAD (Article 9 and 9a ATAD)
   Karoline Spies
   A. INTRODUCTION 9.1
      1. The relevance of hybrid entities 9.1
      2. Concept of ATAD 2 9.4
   B. SCOPE 9.10
      1. Simple and reverse hybrid entities 9.10
      2. Scope of the ATAD and hybrid entities 9.12
      3. Scope of the hybrid mismatch rules in Articles 9 and 9a 9.19
         (a) Common requirements 9.19
         (b) Specific scope of Article 9(1) 9.23
         (c) Specific scope of Article 9a 9.29
      4. Conflicting norms 9.41
   C. DEFINITIONS 9.44
   D. HYBRID MISMATCH (ARTICLE 9(1)) 9.56
   E. REVERSE HYBRID MISMATCH (ARTICLE 9A) 9.62
   F. IMPLEMENTATION CHALLENGES 9.70
   G. CONCLUSION 9.73

10 ATAD, double taxation and tax dispute resolution
    Isabelle Richelle
    A. INTRODUCTION 10.1
    B. DOES THE ATAD CREATE NEW CASES OF INTERNATIONAL DOUBLE TAXATION? 10.5
       1. Interest deduction 10.6
       2. Exit taxation 10.8
       3. The General Anti-abuse Rule (GAAR) 10.15
       4. CFC rules 10.20
       5. Hybrid mismatches 10.22
    C. REMEDIES FOR NEW CASES OF INTERNATIONAL DOUBLE TAXATION 10.37
       1. ATAD and international double taxation 10.41
       2. Validity of the ATAD? 10.54
       3. Exchange of information 10.64
       4. Tax Dispute Resolution Directive 10.75
       5. The OECD Multilateral Instrument (MLI) 10.86
    D. CONCLUSION 10.89

11. Effective implementation of the ATAD: information collection, exchange and monitoring through DAC 6
    Katerina Pantazatou
    A. INTRODUCTION 11.1
    B. THE CONTEXT 11.3
    C. DAC 6 11.12
       1. Background 11.12
       2. Scope 11.18
          (a) Subjective scope 11.18
          (b) Objective scope 11.34
    D. IMPACT AND CHALLENGES 11.51
    E. CONCLUSION 11.70
EXTENDED CONTENTS

12. Where do we go from here? The steady move towards a common corporate tax base
   Bart van Raaij

   A. INTRODUCTION 12.1
   B. THE ANTI-TAX AVOIDANCE DIRECTIVE 12.2
   C. THE COMMON CONSOLIDATED CORPORATE TAX BASE 12.6
   D. THE ANTI-AVOIDANCE PROVISIONS 12.9
      1. Anti-avoidance provisions 12.9
      2. Interest limitation rule 12.13
      3. Exit taxation 12.19
      4. GAAR 12.23
      5. CFC 12.26
      6. Hybrid mismatches 12.32
      7. Switch-over clause 12.33
   E. SUBSEQUENT DEVELOPMENTS 12.35
   F. THE COMMON FRENCH-GERMAN POSITION IN THE MESEBERG DECLARATION 12.38
   G. OUTLINES OF THE ENHANCED CFC AND SWITCH-OVER RULES 12.42
      1. Enhanced CFC rule 12.43
      2. Switch-over rule 12.54
   H. UNDERTAXED PAYMENTS RULE 12.59
   I. CONCLUSION 12.63

Index 325