
The Council of the EU will soon adopt the Directive amending the Anti-Tax Avoidance Directive.

As part of the Corporate Tax Reform Package, the European Commission (EC) published a proposal amending the Anti-Tax Avoidance Directive (ATAD) regarding hybrid mismatches with third countries (ATAD II).

The proposal addresses hybrid mismatches with regard to non-EU countries as intra-EU disparities are already covered by the 'anti-tax-avoidance directive' adopted in July 2016. It complements and amends that directive accordingly.

In February, the Council (EU28 Member States) reached a compromise agreement on the following issues:

- a carve-out from the rules for the banking sector for hybrid regulatory capital. This will be for a limited time and the EC will need to present a report on its consequences;
- for financial traders, a similar approach that is in line with that followed by the OECD;
- Implementation is set for 1 January 2020 (one year later than originally announced), and for 1 January 2022 concerning a specific tax provision – the details of which will be announced separately.

Next steps

The full European Parliament's plenary vote on its report/opinion is scheduled for 26 April 2017. This non-binding opinion will be transferred to the Council which can now formally adopt the Directive. As the Council already reached an agreement, the EP's opinion will not change this text.

More information on the [Directive](#) can be found [here](#).