



**Brussels, 17 February 2020  
(OR. en)**

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ADD 1**

**ECOFIN 54  
UEM 22  
SOC 47  
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**NOTE**

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From: General Secretariat of the Council  
To: Delegations

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Subject: Recommendation for a COUNCIL RECOMMENDATION on the economic policy of the euro area

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Statement by Malta:

- We are supportive of EU and OECD work in curbing tax avoidance and aggressive tax planning;
- We are also supportive of finding a consensus-based solution in the OECD IF on BEPS i.c.w the ongoing international tax reforms on the digitalisation of the economy;
- We are however concerned that the wording used in this year's EAR Recommendation 2 stretches beyond known parameters in international taxation;
- Malta is of the view that the wording therein ("... race to the bottom ...") is ambiguous in nature and appears to be implying that lower levels of taxation are in themselves harmful or abusive;

- Malta does not share this view. Malta is of the view that tax competition is of concern only if it is "harmful" in nature, the parameters of which are identified in EU and international work on harmful tax practices;
  - It is further to be recalled that the setting of taxation levels is an inherent aspect of a country's sovereignty;
  - Our concerns as to what such assertion in Recommendation 2 is meant to translate to in practice (with a view to addressing such Recommendation) have not been addressed in the run-up to its adoption;
  - The EAR Recommendation is premature given the "no prejudice" approach adopted for the ongoing work at the Inclusive Framework on BEPS;
  - Consequently, Malta is abstaining on the adoption of this Council Recommendation.
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