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European Commission

2026
ANNUAL PROGRESS REPORT
Simplification, Implementation & Enforcement



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1. Introduction

This report covers progress on key policy objectives, enforcement and implementation in the field of **taxation** and **climate** during the period 1 August 2025 – 31 July 2026.

As Commissioner for **Climate**, Net Zero and Clean Growth, I want to ensure that the EU delivers on its climate commitments in a way that is fair, fosters economic growth, and supports industry. Over the reporting period, the amendment to the European Climate Law entered into force. The Law now sets a legally binding climate target of a 90 % reduction in net GHG emissions by 2040, with a contribution of up to 5 % of high-quality international credits. Simplification and implementation during the reporting period and beyond will be key to achieving the climate targets. To further implement climate policies, I am also working with partners across the world. In the area of **taxation**, I am working to ensure the EU tax policy and the Member States' tax systems support Europe's competitiveness, prosperity and social fairness and taxpayers experience as little administrative burden as feasible.

Overall, I instruct my services to focus on simplifying rules, support effective implementation and seek better enforcement. This entails supporting the implementation of the existing legal framework for 2030 while ensuring that upcoming review initiatives support implementation in the simplest and most cost-effective way and in dialogue with stakeholders. In the reporting period, my services contributed to the administrative burden reduction target with the proposed simplification package for Direct Taxation with an estimated recurrent administrative cost saving of EUR 3.25 billion per year for EU businesses.

2. Executive Summary

During the reporting period, important results were delivered in both taxation and climate policy simplification. A key milestone was the adoption of the Tax Simplification Package—comprising the Direct Taxation Omnibus and the Recast of the Directive on Administrative Cooperation (DAC)—which modernises the EU's direct tax framework and codifies administrative cooperation to deliver approximately €8 billion in annual compliance savings for businesses.

In parallel, the Commission advanced the climate simplification agenda to ensure that the EU can deliver on its strengthened legal climate framework in a practical and cost-effective way. Following the entry into force of the amended European Climate Law, which now sets a legally binding 2040 target of a 90% reduction in net greenhouse gas emissions, work focused on simplifying implementation of key instruments, including the Carbon Border Adjustment Mechanism, fluorinated greenhouse gases legislation and the EU Emissions Trading System. Notably, the CBAM simplification measures adopted in October 2025 are expected to reduce regulatory and administrative costs by more than EUR 1.2 billion, exempting over 90% of importers while still covering over 99% of emissions in scope and preserving the instrument's environmental integrity as well as shielding most SMEs and individuals from unnecessary obligations.

Regarding implementation in the area of taxation, substantial work was carried out to support the roll-out of the VAT in the Digital Age package, including publication of an implementation strategy, structured stakeholder dialogue and preparation of practical guidance. In climate policy, support to Member States continued on emissions trading, carbon pricing-related instruments and other key files, with a clear emphasis on helping national authorities and stakeholders apply the rules correctly and on time. Finally, my services maintained firm enforcement where necessary by closing infringements and pursuing action against failures to transpose or correctly apply EU rules in relation to tax and climate policies. In climate policy, enforcement efforts continued in areas such as emissions trading, fluorinated greenhouse gases and governance obligations.

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3. Delivering Results: Key Measures

A. Simplification and costs savings

In the area of **taxation**, on 24 June 2026, the Commission adopted the **Tax simplification package** which includes two legislative proposals: the **Direct Taxation Omnibus** and the **Recast of the Directive on Administrative Cooperation (DAC)**. This package is part of the Commission's simplification agenda, aiming to reduce administrative burdens by at least 25% (35% for SMEs) by 2029, and represents two deliverables of the Commission's Regulatory Deep Cleaning Action Plan. The proposals modernise the EU's direct tax framework making it more efficient and better adapted to the current economic environment, while strengthening the competitiveness of the Internal Market. The package is estimated to bring savings and reduce compliance costs for businesses by approximately EUR 8 billion annually, out of which EUR 3.25 billion are recurrent administrative cost savings.

The **Direct Taxation Omnibus** aims to streamline, update and clarify the EU acquis on direct taxation to enhance EU competitiveness, improve the functioning of the internal market and reduce unnecessary administrative burdens without lowering the level of protection within the internal market. It amends six key directives (Parent and Subsidiary Directive[1], Interest and Royalties Directive[2], Tax Merger Directive[3], Anti-Tax Avoidance Directive[4], Dispute Resolution Mechanism Directive[5] and FASTER Directive[6]).

Key measures of the Omnibus include: (a) removing withholding taxes on all cross-border payments of dividends, interest and royalties between companies in the EU; (b) introducing a common minimum standard to the tax treatment of investment in R&D related tangible assets across the EU; (c) eliminating duplication between the controlled foreign company rules and the global minimum tax (Pillar Two[7]); (d) improving the dispute resolution mechanism by addressing specifically identified problems of interpretation and procedural impediments; and (e) simplifying the Anti-Tax Avoidance (ATAD) interest limitation rule by eliminating implementation options.

Overall, these measures will help decrease tax barriers to cross-border business activity, investment and access to financing, introduce common solutions in support of innovation and competitiveness across the EU, and modernise provisions that are no longer fit for purpose, thereby improving the coherence, clarity and effectiveness of the EU direct tax framework.

The **DAC recast** codifies the nine existing directives into a single, coherent legal instrument, improving legal certainty and clarity for businesses and tax administrations. In addition, it streamlines reporting and notification obligations for EU businesses and enhances the coverage of the existing EU legislative framework for automatic exchange of information.

Key measures include: (a) removing the obligation to report cross-border arrangements for Multinational Enterprise (MNE) groups subject to the minimum 15% tax rate under Pillar 2, as their added value is limited in view of the existing other sources of information for tax administrations; (b) supporting the circular economy by increasing the reporting threshold for the online sales of goods; (c) streamlining the notification process for MNE groups by introducing a single notification requirement for country-by-country reporting and central filing of top-up tax information returns; (d) improving taxpayer identification by introducing a new verification tool for taxpayer identification numbers; and (e) enhancing the existing framework for automatic exchange of information to ensure that information on all categories of income and capital is exchanged and can therefore be used appropriately by tax administrations.

[1] Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States.
[2] Council Directive 2003/49/EC of 3 June 2003 on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States.
[3] Council Directive 2009/133/EC of 19 October 2009 on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares concerning companies of different Member States and to the transfer of the registered office of an SE or SCE between Member States.
[4] Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market.
[5] Council Directive (EU) 2017/1852 of 10 October 2017 on tax dispute resolution mechanisms in the European Union.
[6] Council Directive (EU) 2025/50 of 10 December 2024 on faster and safer relief of excess withholding taxes.
[7] Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union.

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These measures will reduce administrative burden for EU businesses by more than EUR 1 billion annually while ensuring that tax administrations remain fully equipped to safeguard their tax revenues and combat tax fraud, evasion, and avoidance.

After the Council reached an agreement in July 2025 on a VAT proposal linked to the EU Customs reform, my services continued working to ensure the **Import One Stop Shop (IOSS) scheme** further simplifies and ensures VAT payment on all low value consignments. The work on the remaining part of the proposal to further extend the IOSS to supplies above EUR 150 continue, in line with the agreement on the EU Customs reform.

In October 2025, the Carbon Border Adjustment Mechanism (CBAM) simplification measures proposed by the Commission in February and subsequently agreed by the European Parliament and the Council were published. They are designed to enhance CBAM's effectiveness in preventing carbon leakage while minimising the impact on small importers and exporters. It is a strategic move towards fostering a more competitive and sustainable business environment while effectively addressing climate change. A key element of the package is an exemption threshold of 50 tonnes for CBAM goods benefiting approximately 182,000 importers, mostly SMEs and individuals, while still covering over 99% of emissions in scope. In addition, the Commission may determine and make available default carbon prices in the CBAM registry for third countries where carbon pricing rules are in place and publish the methodology for their calculation. Overall, the changes will contribute to boosting EU's competitiveness by reducing the regulatory and administrative burdens and compliance costs by over EUR 1.2 billion, particularly benefiting SMEs.

On 23 March, DG TAXUD organised an online **reality check workshop** attracting 75 EU businesses to discuss challenges related to the functioning of the **EU excise rules**. The exchanges revealed that while the EU excise framework functions effectively in principle, businesses still face significant hurdles. These are mainly due to divergent approaches across Member States, fragmented compliance obligations, limited coordination between customs, excise, and VAT procedures, as well as barriers for distance sales of alcoholic beverages within the European Union. Participants emphasised the need for uniform rules at EU level, clearer guidance and training to align enforcement practices across Member States, streamlined procedures, for instance for authorisation, reporting, and guarantee processes. They also called for a centralised contact point for support for economic operators. The Commission welcomed the constructive feedback, which will inform the ongoing study on simplifying excise procedures in intra-EU operations.

In the area of **Climate action**, the fourth simplification omnibus package adopted on 21 May 2025 included a proposal to **simplify the registration rules for importers and exporters of products and equipment that contain fluorinated greenhouse gases.** A provisional political agreement on the omnibus between co-legislators was found on 9 June 2026. For F-gases, this means that the registration requirement for imports is limited to those that exceed certain annual F-gas reporting thresholds and that the registration requirement for exports is removed in most cases. This simplification is expected to reduce administrative burden, in particular for SMEs, as experience showed that most new registrations came from SMEs, notably small car dealers. The F-gas trade licence registration entails one-off costs, as well as costs for keeping information and documentation up to date. Traders, in particular small companies, were often unaware of this requirement, resulting in their goods being stopped at the border pending registration. Each company benefitting from this simplified approach is estimated to save around EUR 350 in registration costs, in addition to potentially much higher savings from avoiding border delays. In 2025, the Commission received around 14 000 new registrations, and similar numbers could be expected for the next few years, thus saving a significant number of traders these costs.

The proposal for the revision of the CO2 standards for cars and vans, presented as part of the Automotive package on 16 December 2025, included a reformed vehicle labelling scheme and the repeal of the car labelling directive. This reform resulted in EUR 10 million net administrative savings."

Stress-testing of the applicable climate-related legislation continued. The preparation of the reviews of key legislation to enable the achievement of the 2040 climate target include the identification and addressing of unnecessary complexities, overlaps and contradictions that may hinder effective and efficient implementation. Evaluations informing this work were published on 17 July: on the Innovation fund; the Modernisation Fund; the EU emissions trading system (EU ETS); the market stability reserve; and the monitoring, reporting and verification of maritime emissions. The evaluation of the Land use, land-use change and forestry (LULUCF) Regulation is still ongoing.

As part of the **Regulatory Deep Cleaning Action Plan**, the Commission proposed on 17 July a revision of the EU Emissions Trading System (EU ETS) which also sought to identify and remove outdated provisions, simplifying monitoring, reporting, and verification of emissions for operators, and introduced a 'monitoring-and-reporting-only-once' principle. The EU ETS review impact assessment estimates that simplification elements for the maritime sector could deliver to shipping companies annual savings between 10% and 20% of current annual monitoring, reporting

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and verification (MRV) administrative compliance costs. This underpinned the proposal for amendments to the MRV Maritime Regulation and FuelEU Maritime Regulation to simplify and streamline monitoring, reporting and verification and to align with revisions of the EU ETS. In addition, the proposed carbon-leakage prevention measures in the ETS revision simplify the provision of free allocation by not updating the carbon-leakage list for Phase V (2031-2040), avoiding a one-off cost for public administrations and thereby eliminating the associated administrative burden for operators. Since the directive on EU ETS has been amended multiple times since its adoption, it will be codified after conclusion of the co-decision on the review.

On 12 May 2026, the European Commission hosted a **high-level stakeholder roundtable** on the review of the EU ETS, bringing together close to 60 representatives from a wide range of industry, aviation and maritime sectors covered by the EU ETS, as well as civil society organisations and other relevant stakeholders such as auction platforms and market analysts. A **reality check** workshop on the EU ETS compliance cycle was held on 29 January 2026 with over 50 representatives from stationary installations across the EU. The findings of this reality check fed into the evaluation of the EU ETS and the revision of the ETS Directive. In addition, a **reality check** linked to the **evaluation of the Innovation Fund** was held on 12 November 2025.

My services screened the **empowerments for delegated and implementing acts** for 2025-2026 and assessed their priority. Early March 2026, I sent letters to the relevant European Parliament committees and the Council formations with the list of prioritised and deprioritised acts.

In July 2026, the Commission repealed two redundant implementing regulations on leakage prevention for certain equipment containing fluorinated greenhouse gases.[8]

B. Implementation

The rights and obligations in our acquis for **climate** and **taxation** are only as strong as their implementation in Member States. The Commission and Member States must continue working together to ensure EU law is correctly applied. Proper implementation and enforcement of rules support competitiveness, while shortcomings in implementing climate and taxation policies can reduce their effectiveness. Therefore, the Commission works closely with the Member States to assist with implementation, using a wide range of available support tools.

In **climate** implementation support, my services help Member States to transpose and implement climate legislation correctly and on time, especially the **Directive on the** Emissions Trading System (ETS) and the Directive on ETS Aviation. The Commission provided guidance or requested clarification during completeness checks either in one of the twenty-one meetings of the Commission expert group on climate change policy (CCEG) or through bilateral contacts. In particular, Member States make good use of the transposition table developed in 2023 on the ETS Directive by notifying the measures using this table.

On 29 June 2026, I held an **Implementation Dialogue on carbon capture and storage (CCS) in EU climate policy** bringing together stakeholders from industry, infrastructure operators, civil society, workers' organisations and regional authorities to discuss the practical conditions for deploying CCS at scale across Europe. The exchange focused on barriers and enablers related to investment, infrastructure deployment, permitting procedures and cross-border coordination, as well as the importance of developing the full CCS value chain in a coordinated manner. These discussions also provided me with further insights into the real world challenges that we must consider in the ongoing **Development of the CO2 transportation infrastructure and markets (CWP - Q3 2026)**.

My services continued to offer support for the implementation of the Social Climate Fund (SCF) and of the revised EU Emissions Trading System (EU ETS) for Member States including through the Technical Support Instrument (TSI) under a dedicated flagship project. 10 Member States in total have now benefitted from this type of support since mid-2024. Out of the 10 participating Member States, 5 projects in Belgium, Finland, Greece, Croatia and Romania were still active over the last year. Support was provided inter alia for the preparation of the Social Climate Plans under the SCF as well as for the implementation of the revised EU ETS and the rules on the use of auction revenues.

[8] Commission Implementing Regulation (EU) 2026/1444 of 2 July 2026 repealing Commission Regulation (EC) No 1497/2007 and Commission Regulation (EC) No 1516/2007 on leakage checking requirements for certain equipment containing fluorinated greenhouse gases

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Furthermore, my services offered support to certification schemes seeking recognition under the **EU Regulation on Carbon Removal and Carbon Farming (CRCF)** by providing a clear and transparent recognition procedure, establishing a **dedicated webpage** and hosting three targeted **webinars** for certification schemes, certification bodies and national competent authorities. More than 800 participants registered for these webinars, which explained the application process and included Q&A sessions. As a result, five certification schemes applied for recognition within the first six weeks following the webinars, paving the way for the effective implementation of the CRCF Regulation.

To support Member States and businesses in implementing the **VAT in the Digital Age** (ViDA) package adopted in March 2025, the Commission released a comprehensive **Implementation Strategy** on 24 September 2025. The strategy sets out the key actions that the Commission will deploy to support business and Member states with the implementation of ViDA explaining the different elements and objectives of the package, providing the planning for its legal and IT implementation, and listing the potential risks and how to mitigate those.

Building on this implementation strategy, the **implementation dialogue** of 28 October 2025 was a key opportunity for me to discuss with 38 representatives from businesses, businesses associations and advisers on the implementation of ViDA. The meeting focused on the challenges and opportunities presented by the package. Participants emphasised the risks of fragmentation in the ViDA implementation process and the need to support SMEs, a large proportion of which have not yet embraced digitalisation. Participants also noted that, once ViDA is in place, the Commission could further explore reducing the need for VAT registration for Business to Business (B2B) supplies, integrating the ability to deduct input VAT in the One Stop Shop (OSS) and eliminating the duplication of information submitted to tax authorities by setting up a tax data hub. These insights are valuable to ensure that the implementation process is adaptable and responsive to the realities and concerns of those stakeholders most affected. The input from the dialogue was then incorporated into the ongoing ViDA implementation work and notably its three core elements: the Digital Reporting Requirements (DRR), the rules on the Platform Economy, and the Single VAT Registration (SVR). As a concrete follow-up from the dialogue, my services are working on detailed Explanatory Notes on the three pillars of ViDA. These Notes constitute practical guidance that translates the new provisions into everyday language, illustrated with examples drawn from the input collected from Member States and businesses.

In 2026, my services also published their **Work Programme for 2026** on ViDA, which provides more details on the activities led by the Commission. In particular, it highlights the focus areas for 2026, including a planning for the adoption of the needed implementing acts, the publication of IT technical specifications, as well as the stakeholder's consultation process and the work on delivering guidance documents.

On the IT side, the Commission is working on developing the central VAT Information Exchange System (central VIES), updating the One Stop Shop and developing a solution for securing Import One Stop Shop (IOSS) registrations. My services are regularly engaging with experts from the Member States and the business community to ensure a timely implementation. A **webpage dedicated to ViDA** is regularly updated with information for public interest. They also continued monitoring and supporting the proper implementation of the **EU VAT rules for small enterprises** in Member States, as some were still facing difficulties in adapting their IT systems. This special SMEs scheme, applicable since 1 January 2025, allows SMEs to sell goods and services across the EU without charging VAT to their customers (VAT exemption) alleviating SMEs' compliance obligations, and increasing their competitiveness across the single market.

For **CBAM**, my services performed the following activities to implement the simplification measures:

- Thanks to the simplification adopted in 2025, the number of importers in scope was drastically reduced. For importers that remain in the CBAM scope, the adjustments will facilitate compliance with the reporting requirements and simplify the authorisation of declarants, the calculation of emissions, and compliance with the financial liability.
- The simplification of CBAM authorisations reduces administrative burden for importers that remain in scope and for the competent authorities processing their applications. The revised framework makes inter-authorities consultation optional, clarifies the applicable timelines, aligns revocation-related obligations with the extended CBAM declaration deadline, and allows competent authorities to retrieve relevant information digitally where legally possible or with the applicant's consent. This facilitates a smoother and more proportionate authorisation process without weakening the checks needed to ensure that authorised CBAM declarants remain compliant.

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C. Enforcement

As the guardian of the Treaties, the Commission ensures that the agreed rules are implemented by pursuing resolute enforcement action when the cooperation with Member States fails. In the area of in the enforcement and implementation work premised on a combination of preventive engagement with Member States. During the reporting period enforcement action was successful in relation to both indirect and direct tax directives. However, the Commission still had to resort to some corrective actions during the reporting period.

In the VAT field, the Commission continued the work related to the transposition check of Directive 2020/285 on the special SME scheme and Directive 2022/542 on VAT rates which allows for a wider use by Member States of reduced rates. In the second half of 2025 and the first half of 2026 the Commission managed to successfully close 14 infringements (7 for SMEs Directive and 7 for Rates Directive) which were open against Member States (1 for Belgium, 2 for Bulgaria, 2 for Cyprus, 2 for Greece, 1 for Ireland, 2 for Lithuania, 2 for Portugal and 2 for Romania) that failed to communicate the full transposition of both mentioned directives. For two remaining infringements open for Spain (one for SMEs Directive and one for Rates Directive) Commission referred both cases to the Court[9]. The Commission services also opened 23 dialogues (12 for SMEs Directive and 11 for Rates Directive) with Member States to ensure the correct transposition of both directives on a technical level, further engaging in a more detailed check to verify the conformity of the national provisions. So far, the in-depth discussions with Member Sates allowed to close 9 dialogues (5 cases concerning SMEs Directive and 4 cases concerning Rates Directive).

Regarding the special scheme for SMEs Directive, the Commission's services monitored the proper implementation of the IT systems necessary for the correct operation of the EU VAT rules for small enterprises in the EU Member States. As a result of this monitoring exercise 3 infringement cases were open: one for Malta, which is already closed, and two more for France and Belgium, which are still on-going.

Independently, the Commission systematically follows up on the on the implementation of preliminary rulings when the Court of Justice/General Court finds that national legislation or practice breaches EU law. Between August 2025 and July 2026, the Commission opened 8 dialogues to clarify the correct follow up by Member States to those Court rulings[10]. 5 of those dialogues are already closed.

In the area of excise duties, after a productive cooperation with the Member States, the Commission closed two long standing infringements. The first concerned the incorrect application of the definition of still wine for excise duty purposes by Portugal. The second, dealt with the incorrect application of the exemption by Greece to excise goods supplied to travellers by tax-free-shops situated at land borders with third countries Finally, in the domain of the administrative cooperation the infringement against Malta concerning some problems with the mutual assistance for the recovery of claims relating to taxes, duties and other measures, was successfully resolved and closed.

Enforcement action was also successful in relation to direct tax directives. The Commission launched effective infringement proceedings in early 2026 with regard to transposition of DAC9 (Directive 2025/872 on administrative cooperation which provides reporting rules for multinationals to ensure the application of the Pillar 2 Directive (EU) 2022/2523 on minimum effective taxation of large Multinational Enterprises and domestic groups). Eleven Member States (Belgium, Bulgaria, Czechia, Cyprus, Greece, Malta, Netherlands, Poland, Portugal, Romania, Sweden) were incentivised to step up the transposition of DAC9 by infringement action, while three Member States (Belgium, Bulgaria, Cyprus) received reasoned opinions where they had failed to do so without a reasonable prospect of a quick transposition. One case was already successfully closed (Romania). In addition, for DAC8 (which covers reporting rules on crypto-assets) infringement actions for the late transposition of the directive were also launched (for Belgium, Cyprus, Czechia, Estonia, Greece, Luxemburg, Malta, Netherlands, Spain, Poland, Portugal). Finally, various infringement cases regarding direct tax directives such as DAC 7 (reporting rules on digital platforms), DAC9 or the Pillar 2 Directive could be closed (for Romania, Portugal, Poland, Latvia, Lithuania, Spain, Greece, Estonia, Cyprus, Poland). In addition, the Commission this year also brought infringement cases forward for multiple

[9] Two cases European Commission v Kingdom of Spain; C-504/26 and C-512/26

[10] Preliminary rulings in the following cases: C-527/24; C-575/24; C-379/24; C-808/23; C-639/24; T-646/24; C-405/24; C-509/22.

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taxation of dividends distributed between parent companies and their subsidiaries operating across the Internal Market (France, Germany, Italy) in violation of the Parent-Subsidiary Directive 2011/96/EU because it impedes businesses competitiveness.

Compliance with the EU Treaties is also essential to allow both citizens and companies to enjoy the fundamental freedoms in the Internal Market in non-harmonised areas such as direct taxation and car taxation. Many concerns still remain in these areas due to tax barriers erected by Member States as evidenced by the number of complaints received every year. Between August 2025 and July 2026, the Commission took key enforcement actions to address tax barriers impeding on the right of establishment (Article 49 TFEU) by referring Hungary to the Court of Justice of the EU for a discriminatory retail tax regime which disproportionally affects foreign supermarkets active in Hungary. In addition, it initiated infringement action against Luxemburg for violating the free movement of capital (Article 63 TFEU) for discriminatory treatment of dividends distributed to other Member States where they are invested in Luxemburgish companies. Finally, the Commission also pursued action against Spain for discriminatory taxation of non-resident taxpayers (their dwellings used as habitual residence) because it violates the free movement of workers (Article 45 TFEU) and the free movement of capital (Article 63 TFEU).

In the area of **climate action**, the Commission referred Spain and Poland to Court for non-communication of transposition of the **Directive on ETS** (ETS1) and the **Directive on ETS Aviation**. All the ETS-related proceedings were closed for Austria, Cyprus, Denmark, Germany, Greece, Ireland, Italy, Netherlands, and Sweden following complete transposition of the ETS and ETS Aviation Directives.

In July 2025, the Commission opened an **infringement procedure against Greece** by sending a letter of formal notice regarding **non-compliance with EU rules on the mutual recognition of certificates for fluorinated greenhouse gas technicians**.

Due to the non-submission of the final updated **National Energy and Climate Plan (NECP)** by the 30 June 2024 deadline, and the **Long-Term Strategy** by 2020 as required under the Governance Regulation, the Commission **decided to refer Poland to Court** in February 2026.

Active involvement of citizens in the form of **petitions** is one of the key instruments to check the effective implementation of legislation. In the reporting period, my services have addressed 6 petitions in the area of **climate action**. Five petitions were examined and closed following the standard procedure with the European Parliament's Committee on Petitions. One petition, received on 22 July 2026, was still under consideration at the end of the reporting period. Overall, the issues raised did not provide grounds for additional action by the Commission.

More information about the enforcement tools of the Commission can be found here. The Commission publishes information on its enforcement activities on a webpage, where the public can perform targeted searches and customise graphs.

4. Way forward

In the coming 12 months, in the area of **taxation**, my services will develop implementation and simplification activities on:

- **Implementation checks** for directives in the area of reporting rules for digital platform operators (DAC7), crypto-assets (DAC8), and the reporting and exchange of information rules regarding the minimum effective tax for large MNEs and domestic groups (Pillar 2 Directive) (DAC9). The latter is key to simplify tax filing for MNEs by allowing them to submit a single top-up tax return instead of filing separate returns in each country where they do business.
- **Explanatory Notes** for the three volets of ViDA to help ensure a smooth and harmonised implementation of the package. These Notes, to be published in early 2027, offer clear and detailed guidance on how the new provisions should be applied, helping to avoid a fragmented implementation across the Member States. They also provide useful clarification for businesses about the forthcoming changes. The first batch of these Notes concerning the ViDA changes applying as from 1 July 2027 are already published.

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- **Excise duty simplifications** by conducting a study on simplifying excise procedures in intra-EU operations. Building on its findings, further analysis will support potential legislative and administrative improvements to reduce red tape and boost competitiveness, particularly for SMEs

In the area of **climate**, my services will:

- Assess opportunities and suggestions for simplification and minimising administrative burden, when revising existing legislation and preparing legal proposals for the climate policy architecture beyond 2030, as well as in its work on implementing and delegated acts.
- Continue work in the context of the regulatory deep cleaning on an initiative planned for the end of 2026 that will look into merging the **LULUCF Regulation** and the **Effort Sharing Regulation** into a single instrument on national climate targets. This will reduce duplication and streamline Member States' reporting obligations, while maximising synergies between carbon removal reporting at national and land manager levels. The revision of **the Governance of the Energy Union and climate action** and the implementing act on progress reporting, both still planned for 2026, will ensure a streamlined and simplified planning and reporting framework for energy and climate policies. In 2027, the review of the Regulation on CO_2 emission standards for heavy-duty vehicles will seek opportunities for simplification.
- Continue to engage with Member States and stakeholders to support the effective implementation of climate legislation by providing tailored implementation support measures.
- Urge Member States to fully transpose the **ETS Directives** mentioned above including ETS2 as there has been a number of Member States that have not transposed or transposed only partially the new rules.

Annex: examples

Elimination of a discriminatory taxation of short time and other work-related allowances with free movement of workers

As a follow-up to a complaint by a citizen, in the first half of 2026, the Commission engaged at length with Germany and successfully solved a long-standing discriminatory taxation of short time work allowances (Kurtzarbeitgeld), parental, sickness, maternity, and accident allowances which mainly affect cross-border workers. In Germany those allowances were calculated on the basis of a net income taking into account German income tax. This led to situations where a double tax convention (DTC) attributed the taxing rights over such allowances exclusively to the State of residence treating frontier workers resident in other Member States less favourably than German resident workers.

Legal clarity on fluorinated greenhouse gases

The Commission adopted in July 2026 an implementing regulation that repeals two existing regulations on minimum requirements for the checking of leakage of fluorinated greenhouse gases from stationary refrigeration, air-conditioning and heat pump equipment, as well as from fire protection systems. The rules that were set out in these two regulations had become redundant because, Union legislation on **fluorinated greenhouse gases** had evolved towards more comprehensive and integrated rules, including requirements on leakage prevention, monitoring, certification and record-keeping, and new up-to-date leak checking methodologies are being applied across the Union for the concerned equipment. This repeal ensures legal clarity.

Extension of the CBAM to goods further down the supply chain

In addition to the simplification adopted in 2025, the Commission adopted in December 2025 a legislative proposal to extend the scope of the CBAM to products further down the value chain and strengthening it against circumvention. This will increase the protection of EU industries against the risk of carbon leakage and address practices which could undermine the objectives of the CBAM. The proposal will also increase and facilitate compliance, for example by generalising the use of the IT platform ('CBAM Registry') for producers, or by seizing the guarantee provided by importers which fail to comply with their obligations. Most CBAM implementing and delegated acts will be further reviewed in 2027.

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