

EU Parliament approves new EU Commissioners – But tax role is split

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In brief

What happened?

The European Parliament, sitting in Plenary, approved (with a very thin majority) the new College of Commissioners on 27 November 2024. The Commissioners subsequently assumed office on 1 December 2024.

Why is it relevant?

The priorities of the new Commissioners will impact the tax agenda and overall business activity within the European Union.

Actions to consider

The business community should note the priority areas identified by the Commissioners and prepare for possible future initiatives. The development of the present proposals into more concrete initiatives should be closely monitored.

In detail

As directed by President of the Commission, Ursula von der Leyen, the new College of Commissioners will not work in silos, but aim to work together, sharing equal responsibilities to deliver the EU's priorities. That being said, tax is a major part of the files entrusted to Commissioners Wopke Hoekstra and Valdis Dombrovskis (see details below). Executive Vice-President [Teresa Ribera](#) is responsible for competition, including State Aid and the Foreign Subsidies Regulation.

Wopke Hoekstra (Commissioner for Climate, Net Zero and Clean Growth)

In addition to his [roles](#) related to Climate, Net Zero, and Clean Growth, Commissioner Hoekstra is also responsible for tax matters. During his confirmation hearing before the European Parliament, he committed to delivering climate transition-friendly taxation, focusing on closing the tax gap, combating tax fraud, and simplifying the EU tax system, while supporting international cooperation on Pillar One and Pillar Two (which is the preferred approach to dealing with the taxation of the digital economy). More specifically, he intends to conclude negotiations on the Energy Taxation Directive and further 'green' the VAT system, while promoting EU initiatives like BEFIT, HOT, and Unshell. Commissioner Hoekstra also intends to address simplification and decluttering at the EU level, although he conceded that a gap analysis could also lead to stronger provisions. He emphasised the responsibility of Member States in enforcing Pillar Two. In the event that a deal on Pillar One fails, he would support consideration of a common EU approach to digital taxation in cooperation with the United States. He intends to pursue a broader solution for wealth taxation at the G20 level. Commissioner Hoekstra is also tasked with corporate tax reform and the development of "the strategic use of taxation measures to incentivise the uptake of clean technologies."

Observation: *The emphasis on simplification in Commissioner Hoekstra's agenda appears to be more of a stated priority than a central concern. His remarks on the importance of decluttering are often accompanied by significant caveats, such as the responsibilities of Member States, the need to balance avoiding over-regulation with identifying regulatory gaps, and the aim to simplify without compromising standards. The wider ramifications of applying the UTPR by EU Member States to US multinationals were not mentioned by Commissioner Hoekstra.*

Observation: *Commissioner Hoekstra acknowledges the role of tax in pursuing a broader agenda of European competitiveness. However, the concrete actions envisioned are limited to existing initiatives like BEFIT, HOT, and FASTER, which do not encapsulate the necessary level of ambition that we might have expected post-Draghi and post-[Letta](#) reports.*

Valdis Dombrovskis (Commissioner for Economy and Productivity; Implementation and Simplification)

Commissioner Dombrovskis is [tasked](#) with reducing administrative burdens and streamlining regulations to enhance competitiveness, and also to ensure that "our tax system plays a crucial role in supporting Europe's decarbonisation and competitiveness and ensures social fairness." On taxation, he supports the OECD framework, particularly Pillar Two, and global efforts for taxing ultra-high net worth individuals. He mentioned the potential return to national digital services taxes or EU-level initiatives if Pillar One is not advanced. Additionally, Commissioner Dombrovskis advocates that initiatives like the BEFIT proposal can drive simplification of tax measures. He also acknowledges the burdens of CSRD and stressed the need for balanced reporting requirements, especially for SMEs. He committed to ensuring social dimensions are included in economic governance frameworks and will work closely with Commissioner Hoekstra to achieve tax-related goals. The mission letters of both Commissioners Dombrovskis and Hoekstra draw on the [recommendations](#) of Mario Draghi.

Observation: *Commissioner Dombrovskis acknowledges the importance of working on a future-proofed tax mix. His vision would involve shifting away from labour taxes and towards wealth and green taxes - with a view to promote an equitable distribution of income and the green transition. Notably, the topic of wealth taxation gained significant emphasis in the discourse of both Commissioners Dombrovskis and Hoekstra.*

Let's talk

For a deeper discussion of how the new EU Commission priorities might affect your business, please contact:

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