



## ***EPRA FEEDBACK*** ***on the Communication on business taxation for 21<sup>st</sup> century***

EPRA, representing the listed real estate sector in Europe, thanks the European Commission for the opportunity to provide feedback on the ‘Communication on business taxation for 21<sup>st</sup> century’. Property companies serve businesses and society by actively developing, managing, maintaining and improving the built environment, where we all live, work, shop and relax. Listed real estate companies provide stable and strong long-term performance to investors and especially to pension funds through reliable dividends, contributing to the retirement of millions of people. The liquid nature of listed property companies facilitates also the ‘democratisation’ of real estate – by providing the opportunity for individual investors to participate alongside larger investors, in otherwise inaccessible investment opportunities.

For the upcoming ‘Communication on business taxation for 21<sup>st</sup> century’ we propose the three objectives highlighted in the published Roadmap:

- 1) **Removing barriers in investment and growth.** We agree that within the European Union there is currently a patchwork of complex measures forming a business tax environment not sufficiently conducive to investment and growth. We argue that in the current context brought by the Covid-19 pandemic and other significant global developments, such as climate change and population aging, reviewing a European vision for business taxation which would focus on enabling long-term investment and sustainable growth, seems to be paramount. **Particularly for listed real estate, we point out that there are currently fourteen European countries which recognised a public benefit to incentivise real estate investment through public markets and have introduced Real Estate Investment Trusts (REIT) legislation to maximise returns through an effective tax pass-through. Although those 14 countries represent 84% of the European GDP<sup>1</sup>, these are still 14 unique REIT regimes with no framework in place to facilitate their mutual recognition.**
- 2) We agree that **tax policies also have a role to play in supporting business in their transition to a green Europe.** A successful REIT regime could be an excellent enabling framework to drive investments in the retrofit of existing buildings. If only a REIT’s status in one Member State would be recognised in other Member States, it would significantly facilitate their ability to further scale up investments within the European internal market. If there were a European directive enabling a mutual recognition of REITs, subject to the right set of conditions, it would certainly help drive the investments toward more sustainable real estate.<sup>2</sup>
- 3) We endorse making international tax framework better aligned with the realities of the digitalised economy and translating the OECD GloBE recommendations to the European level. As we stressed to the OECD<sup>3</sup>, we are convinced that the tax policy objectives of domestic REIT regimes neither are inconsistent with the tax policy objective of the GloBE rules, nor create a competitive distortion that would undermine the tax policy objectives of the GloBE proposal. To

<sup>1</sup> [https://www.epra.com/application/files/2816/1408/1959/EPRA\\_REITs\\_Leaflet\\_V9.pdf](https://www.epra.com/application/files/2816/1408/1959/EPRA_REITs_Leaflet_V9.pdf)

<sup>2</sup> <https://www.allaboutalpha.com/blog/2021/03/04/european-green-deal-challenges-and-opportunities-for-listed-real-estate/>

<sup>3</sup> [EPRA\\_response\\_to\\_the\\_OECD\\_consultation\\_Dec\\_2019\\_final\\_1576068996595.pdf](https://prodapp.epra.com/media/EPRA_response_to_the_OECD_consultation_Dec_2019_final_1576068996595.pdf)

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[https://prodapp.epra.com/media/2020\\_OECD\\_Global\\_Anti-Base\\_Erosion\\_\(GloBE\)\\_Report\\_on\\_the\\_Pillar\\_Two\\_Blueprint\\_1610984948636.pdf](https://prodapp.epra.com/media/2020_OECD_Global_Anti-Base_Erosion_(GloBE)_Report_on_the_Pillar_Two_Blueprint_1610984948636.pdf)

the contrary, subjecting REITs to the GloBE rules would undermine the policy objectives that domestic REIT regimes are seeking to achieve. **The uniqueness of real estate investment trusts (REITs) will therefore require a more tailored solution when addressing an international, and then European tax frameworks.**

We remain available to discuss this further at your convenience. Please contact Tobias Steinmann, EPRA Director Public Affairs at [t.steinmann@epra.com](mailto:t.steinmann@epra.com) or Jana Bour, EPRA EU Policy Manager at [j.bour@epra.com](mailto:j.bour@epra.com).

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#### **About EPRA**

EPRA's mission is to promote, develop and represent the European public real estate sector. We achieve this through the provision of better information to investors and stakeholders, active involvement in the public and political debate, improvement of the general operating environment, promotion of best practices and the cohesion and strengthening of the industry. Find out more about our activities on [www.epra.com](http://www.epra.com).

EU Transparency Register no. 09307393718-06