

Building homes, not tax bills**EAPB Statement on the proposed Reform of the Anti-Tax Avoidance Directive and affordable housing****Brussels, 1 July 2026**

The European Association of Public Banks (EAPB) **welcomes the European Commission's direct taxation "Omnibus" of 24 June 2026** (COM(2026) 560). For years, the EAPB and its members have called for the Anti-Tax Avoidance Directive (ATAD) to be adjusted so that it no longer penalises investment in affordable and social housing, most recently in our [Position Paper on Housing Simplification and Finance](#). We are therefore pleased that the Commission has taken up this long-standing concern.

The problem is well known. ATAD's interest limitation rule caps the deductibility of net borrowing costs at 30% of EBITDA. This was designed to curb aggressive tax planning by multinationals using artificial intra-group debt. Currently, certain affordable and social housing providers are subject to ATAD. Those providers, because of the very nature of their mission, are heavily debt-financed, typically through long-term loans from promotional banks, and operate with deliberately low margins, as rents are capped and any surplus is reinvested in housing. **As a result, they breach the cap and see part of their entirely genuine, third-party financing costs become non-deductible.** An anti-abuse rule thus imposes an unintended tax burden on entities with no intention to commit tax avoidance, penalizing much-needed investments in social and affordable housing.

In the EAPB's view, the Commission's new proposal would resolve this problem for two concrete reasons. First, and most importantly, it **introduces a mandatory exclusion of low-risk third-party loans from the interest limitation rule** (new Article 4(2a)). This would mean that, because lending from a promotional bank to a housing provider is, by its nature, third-party financing, those borrowing costs would fall outside the rule automatically. Second, it **reshapes the long-term public-benefit exemption** — reworded from "public infrastructure" to "public benefit" (Article 4(4)(b)) — and, in Recital 33, expressly names social and affordable housing among the public-benefit priorities the exemption is intended to cover, removing the earlier doubt, created by the word "infrastructure", over whether affordable housing could qualify. Together, these two changes address the problem at its root.

The EAPB therefore **calls on the European Parliament and the Council to support the Commission's proposal and to preserve these provisions throughout the legislative process.** In an area as sensitive as the housing crisis, this is a rare problem with a simple solution, and one the co-legislators should not miss the chance to secure.