

# CFE's Tax Top 5

## KEY TAX NEWS OF THE WEEK

BRUSSELS | 11 JUNE 2019



### CFE General Assembly in Brussels: Croatia Admitted as Full Member

CFE Tax Advisers Europe, the leading association of European tax institutes and tax advisers' national associations, held its General Assembly and technical committee meetings on 7 June in Brussels. By unanimous vote of the CFE General Assembly, Croatia, represented by the Croatian Chamber of Tax Advisers (HKPS), was admitted as a full member of CFE Tax Advisers Europe. Further information on the CFE member and observer organisations is available [here](#).

Delegates of the CFE member organisations discussed among other issues, the preparations for the CFE's 60th Anniversary, to be marked at the next General Assembly at 4 October in Torino, Italy, co-hosted by the CFE member organisations from Italy, ANTI and CNDCEC.

The Global Tax Advisers Platform (GTAP), representing more than 600,000 tax advisers in Europe, Asia and Africa met in Brussels in conjunction with the CFE Tax Advisers Europe General Assembly. Representatives of CFE Tax Advisers Europe met with delegates from the Asia-Oceania Tax Consultants' Association ("AOTCA") and the West African Union of Tax Institutes ("WAUTI"), as well as observer organisations such as STEP and AMA. Further steps were discussed to contribute to the international tax reform debate on behalf of the global tax professionals community, as well as the recently [adopted joint paper](#) on the OECD consultation on tax morale.

Traditionally, CFE Tax Advisers Europe awards the *Albert J Rädler Medal Award* for academic excellence in European taxation. This year's medal, by unanimous decision of the CFE Academic Jury composed of Prof Dr Pasquale Pistone, Prof Dr Michael Lang and Prof. Dr Otmar Thömmes was awarded to Tom Ceulemans of the University of Antwerp for his Master's thesis entitled "The Implementation of Articles 7 and 9 ATAD (EU Anti-Tax Avoidance Directive) regarding CFC rules into Belgian Corporate Income Tax Law". The press-release is available [here](#).



### G20 Finance Minister Discuss International Tax Reform in Japan

The G20 finance ministers met this weekend in Fukuoka, Japan, to discuss the international tax reform agenda, in particular the progress in addressing the taxation challenges of the digitalising economy. The OECD published the [Secretary General Report](#) to the G20 Finance Ministers and central banks' governors, which sets out, in two separate parts, the OECD

progress on the international tax reform agenda, and the track-record of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

The Director of the OECD Centre for Tax Policy and Administration, Pascal Saint-Amans, [reported](#) that the US Treasury Secretary Mnuchin, in spite of opposition to the UK and French unilateral measures on digital tax, apparently recognised the positive impetus of such actions in facilitating an internationally agreed consensus, in absence of which, a patchwork of unilateral rules emerges. The bottom line for the US is a solution that will not discriminate between traditional and digital businesses. India, on the other hand, made their case for the significant economic presence proposals.

The UK Chancellor of the Exchequer Philip Hammond [set out](#) the UK's position under which international agreement would be the preferred choice, however, as a response to the slow progress, UK would still introduce Digital Services Tax on the revenues of certain digital business models, Mr Hammond stated.

For the latest update on the fast changing developments in relation to the international discussions on the tax challenges arising from the digitalisation of the economy, [sign up](#) for the upcoming OECD Tax Talks due later today at 14:30 CEST.



## CCTB Latest Presidency Compromise Published

The latest Presidency [compromise text](#) of the Proposal for a Council Directive on a Common Corporate Tax Base (CCTB) has been published by the Council of the European Union. The most recent impact analysis of the effects of the CCTB proposals on Member states was published in the form of a [working paper](#) by the European Commission. The paper evaluates the impact of the CCTB proposals on the effective corporate tax burdens in the 28 EU Member States and assesses the relative importance of single elements of the harmonised tax base, comparing the original 2011 proposals with the recast of 2016.

The recast Commission proposals were published in October 2016, aiming to establish the new tax base system in a two-step process, with consolidation as a phase two. The European Parliament opinion was adopted in March 2018, in a procedure which is consultative only under EU law.

CFE understands that Finland's upcoming Presidency with the Council of the EU is ready to advance the discussions on this file, which has seen limited progress to date.



## European Commission June Infringement Package: Austria and Spain Referred to ECJ

The European Commission published its [monthly infringement package](#) that identifies areas where Member states have failed to comply with EU law obligations. In the area of taxation, the Commission referred Austria and Spain to the Court of Justice. In addition to the Court referrals, the European Commission issued reasoned opinions to Poland and Hungary, and letters of formal notice to Cyprus and Malta.

Specifically, in relation to Austria, the Commission challenged Austria's non-compliance with the special VAT rules on travel agents, whilst in the case of Spain, for imposing disproportionate penalties on Spanish taxpayers for non-reporting of assets held in other EU and EEA States ("Modelo 720"). According to the Commission, those requirements are

disproportionate under EU law, and as such in breach of the freedom of movement of persons, the freedom of establishment, the freedom to provide services and the free movement of capital.



## 4<sup>th</sup> International Taxpayers Rights Conference – Minneapolis 23-24 May 2019

The [4<sup>th</sup> International Conference](#) took place in Minneapolis, United States following the previous annual conferences in Washington, Vienna and Amsterdam. The theme of the conference was taxpayer rights in the digital age and there were panel sessions on Big Data, Whistleblowers and vulnerable taxpayers. The Conference also saw the update of the IBFD Observatory of protection of taxpayer rights. The Observatory has been established to continue the work first began at the International Fiscal Association Congress in 2015 which monitors the extent to which individual countries observe best practice and minimum standards over a range of interactions between tax authorities and taxpayers in twelve key areas. The annual evaluations are then launched at each year's International Taxpayer Rights Conference. The 12 monitored areas consist of:

- Identifying taxpayers and issuing tax returns
- The issue of tax assessments
- Confidentiality
- Normal audits
- More intensive audits
- Review and appeals
- Criminal and administrative sanctions
- Enforcement of taxes
- Cross-border procedures
- Legislation
- Revenue practice and guidance
- Institutional framework for protecting taxpayers' rights

The first annual IBFD report was published in 2018, covering the two years 2016 and 2017 since the IFA Congress in 2015 and the latest 2019 report covers the next year, 2018. In addition to the country reports there is also a general report, prepared by Philip Baker QC and Pasquale Pistone, which picks out changes over the most recent year, 2018, covered by the reports. Forty countries are covered in the latest reports plus two further reports covering firstly the European Court of Human Rights and the Court of Justice of the European Union and, secondly, the Inter-American Court of Human Rights which operates across South American countries. An article summarising the role of taxpayers' charters and the associated developments was written by Ian Young back in 2017, available to read here: [Taxpayer rights and the role of a taxpayer charter](#).

The [country reports](#) and the [general report](#) can be accessed by clicking on the links. The 5<sup>th</sup> International Conference will take place in Pretoria, South Africa in September 2020.



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