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EU Tax Policy Report

January – June 2018

The European Association of Tax Advisers founded in 1959.

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DATE ISSUED
6 July 2018

Foreword

It is with great pleasure that I present this EU Tax Policy Report. The Report provides an overview of the primary tax policy developments in the EU in the first semester of 2018. There is no doubt that it was a particularly busy period as well as a very important one for the future of EU and international taxation.

On 5 June, the EU Directive on tax intermediaries, proposed by the Commission in June 2017, was finally published in Official Journal of the EU. It marks a further step in the fight against tax avoidance and evasion and is expected to increase transparency and enhance tax authorities' tools to counter such phenomena.

The last six months also saw many adjustments of the EU list of non-cooperative jurisdictions. Such action signifies the progress made in this regard and the commitment of the EU to pursue fair taxation at worldwide level.

Furthermore, on 21 March, the Commission released its long-awaited proposal for the taxation of digital economy in the Single Market. Short and long-term measures have been envisaged in two separate directives to ensure taxation of digital business activities that have a link with Member States' jurisdictions. Remarkably, these proposals followed unilateral actions of certain Member States as well as OECD's Interim Report on the Tax Challenges Arising from Digitalisation.

The above EU proposal seems to be quasi-monopolising the interest of policy-makers in the EU and all around the world for two principal reasons:

On the one hand, digital economy is expected to provoke the overhaul of our century-old international tax rules. It has changed and keeps changing the reality underneath the rules. There is a single alternative: rules need to follow reality and they will.

On the other hand, the EU initiative has caused adverse reactions by extra-EU countries. It is alleged to be a unilateral step in an international arena, while EU's international partners are still considering their moves, as arises from the aforementioned OECD Interim Report. Yet it cannot be denied that digital revolution is a fact.

What comes next shall be undoubtedly particularly interesting to follow. Nevertheless, there are certain conclusions that can be drawn already. International taxation has to change and the EU can drive the change. We must not and cannot be hesitant. There is no time margin any more.

In changing the rules we need to adopt holistic, long-term and internationally agreed views to the maximum extent possible. Digital economy defines a *de facto* worldwide jurisdiction and cooperation is a pre-requisite to make it work. CFE Tax Advisers Europe commits to follow closely the developments and advocate for the best available solutions.

Piergiorgio Valente

President, CFE Tax Advisers Europe

CFE's EU Tax Policy Report provides a detailed analysis of primary tax policy developments at EU level of interest to the European tax advisers. It also includes an overview of selected CJEU case-law and relevant European Commission decisions covering the first semester of 2018.

Highlights

The Bulgarian Presidency of the Council has been successful in many respects, with the Mandatory Disclosure Directive ("DAC6"), described in the Roadmap as the "last remaining element of disclosure and transparency that has not been addressed by the EU" entering into force on 25 June 2018. The technical and critical examination of the digital taxation proposals put forward by the European Commission in March did indeed begin (and continue), and the EU list of non-cooperative jurisdictions for tax purposes ("the Blacklist") was revised on multiple occasions. Progress on other existing direct tax files such as CCTB & CCCTB was more limited, but is ongoing. Whilst discussions are continuing, Germany and France on 19 June published a joint paper concerning the proposals, setting out a common position concerning the scope and general principles, tax base and anti-BEPS measures which they support concerning CCTB

The indirect tax files were partly overshadowed by digital tax and DAC6 developments, however in January the Commission published Directives proposing to give Member States more flexibility to set new VAT rates, and put Member States on more equal footing in terms of derogations. In addition to the proposals on VAT rates, the European Commission also published proposals seeking to simplify VAT rules for small enterprises. Agreement was reached on the directives concerning minimum VAT rates and administrative cooperation on 22 June, however the proposals concerning SME simplification and the common VAT system are still being discussed by Council.

Looking ahead, the Austrian Presidency in its Presidency Programme has resolved to prioritise CCTB and taxation of the digital economy from the direct tax files, as well as progressing the Commission proposals to modernise VAT for the better functioning of the Single Market.

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Taxation of the Digital Economy

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The main event: Digital Tax in the EU.

On 21 March 2018, the European Commission published the long-anticipated proposals on taxation of the digital economy in the Single Market, and a Recommendation on amending Member States' Double Tax Treaties with Third Countries. The Directive on Digital Services Tax ("DST") proposed a short term interim turnover tax on digital businesses, whilst the proposal for an EU Directive on significant digital presence, i.e. digital permanent establishment ("PE") seeks to introduce EU-wide long-term measures that redefine the concepts of permanent establishment and profit allocation to account for users' contribution as a proxy for value creation.

- **Interim Measures/Directive on DST:** The draft interim measure proposes a turnover tax to be levied at 3% on the aggregated gross revenue of businesses with global revenue above €750 million and annual EU revenue above €50 million. The measure is proposed to be implemented on a self-reporting basis with no deduction of costs, to apply to revenue made from targeted advertising based on user data collection and digital intermediation services of making available digital marketplaces. The tax is proposed to be collected making use of a "one-stop-shop" model.

- **Long-term Measures/Digital PE:** The long-term measures propose revision of corporate taxation concepts of permanent establishment and profit allocation to account for digital activities. The directive proposes that the definition of permanent establishment should include a "significant digital presence". A digital PE will be established when a platform either exceeds an annual turnover of €7 million, or has more than 100,000 users in a Member State in a taxable year, or has over 3,000 contracts for the provision of digital services in a taxable year, that would amount to a Digital PE.

- **Recommendations relating to Double Tax Treaties:** The third proposal in the EU digital taxation package sets out recommendations to Member States to renegotiate and adapt their double tax treaties with 3rd countries (non-EU) by way of extending the scope of the PE concept to include significant digital presence (digital PE) through which the business of an enterprise is wholly or partly carried out.

Reactions to the concept of introducing an interim DST have varied, but criticism has centred around the view that problems with corporate tax concepts of permanent establishment and profit allocation are issues that ought to be addressed at global level. Indeed, Finland, Norway and Sweden published a joint statement setting out their position that a shift in taxation rights based on the location of the digital user in value creation is a deviation from taxation principles that needs to be agreed at an international level.

Other common criticisms are that a digital services tax applied unilaterally by the EU on turnover without regard to profit may harm international investment, as well as increase the risk of corresponding revenue taxes being introduced by other market juridscitions.

CFE published an Opinion Statement on the proposed interim EU measures, arguing that the EU should focus on long-term solutions that seek to complement the OECD work on the tax challenges of the digital economy. The paper further notes that any interim measures on taxation of the digital economy need to be considered with caution, weighing the expected revenue from this tax against the potentially adverse impact, as highlighted in the position paper.

The OECD Interim Report.

As to whether a solution to address problems with corporate tax concepts of permanent establishment and profit allocation can be agreed, the OECD on 16 March 2018 published its Interim Report on Tax Challenges Arising from Digitalisation. The Interim Report concluded that no agreement can presently be reached among the Inclusive Framework countries on either the implementation of short-term interim measures to tax the digital economy, or long term measures of identifying characteristics of digital businesses, and the extent to which those features contribute to value creation and should therefore be subject to a digital tax.

However, OECD Inclusive Framework members have agreed to undertake a review of the nexus and profit allocation rules concerning allocation of taxing rights between jurisdictions, and the impact of digitalisation on the economy. To this end, with a view to improve international taxation rules to be better fit for purpose concerning the taxation of the digital economy, the OECD aims to produce a final report in 2020.

Tax Intermediaries Directive – EU Mandatory Disclosure Rules

02

Tax Intermediaries Directive (Mandatory Disclosure Rules) – "DAC6"

At the ECOFIN meeting on 25 May 2018, the Council of the EU formally adopted the Council Directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation the reportable cross-border arrangements. The directive was published in the Official Journal of the EU on 5 June 2018.

Member States will have until 31 December 2019 to implement the directive into national legislation, and disclosure requirements will apply from 1 July 2020. Intermediaries who design and/or promote reportable tax planning schemes will be required to disclose them to their national tax administrations, who will then automatically exchange the information with other Member States through a centralised database. Penalties will be imposed on intermediaries who do not comply with the new reporting measures. The initial automatic exchange of information between member states should take place on 31 October 2020.

The definition of an intermediary is 'a person that is expected to reasonably know about a reportable arrangement, on basis of facts and circumstances and relevant expertise' and information on a reportable arrangement needs to be filed within 30 days on the day after they provided, 'directly or means of other persons, aid, assistance or advice to other persons'. Exemption to this filing obligation exists only with proof that the same information has already been disclosed by another intermediary. Accordingly, intermediaries are not expected to report where they hold proof that the same information has been filed already in another Member state, in cases of multiple reporting obligations.

According to the Directive, each Member State shall require intermediaries and relevant taxpayers to disclose information on reportable cross-border arrangements the first step of which was implemented between 25 June 2018 and 31 December 2019, i.e. the date of application of the Directive. Intermediaries and relevant taxpayers, where appropriate, must file information on those reportable cross-border arrangements by 31 August 2020. Effectively, in spite of the fact that the disclosure requirements will apply from 1 July 2020, all arrangements that are in place from 25 June 2018 onwards become reportable in accordance with this Directive.

The practicalities of implementation of the Mandatory Disclosure Rules DAC6 Directive, as well as an analysis of policy implications, will be the topic of this year's CFE Professional Affairs Committee Conference on 23 November, in Madrid, Spain co-organised by the CFE and AEDAF, the Spanish Association of Tax Advisers. Details of the event will be posted on the CFE website Events Page in due course.

EU Policy – The ‘other files’

03

5th Anti-Money Laundering Directive Update.

The Council of the EU formally adopted the 5th EU Anti-Money Laundering ("AML") Directive on Monday 14 May, following political agreement between Council and Parliament of 15 December 2017. The 5th AML Directive seeks to prevent large scale concealment of funds and to introduce increased corporate transparency rules, whereby corporate and other legal entities will be required by law to publicly disclose information on the beneficial ownership.

Background

The 5th AML Directive stems from Commission's Action Plan of July 2016 for strengthening the fight against money-laundering and terrorist financing, aiming to prevent illicit movement of funds or other assets and disrupting the sources of revenue. On 12 February 2016, the ECOFIN Council called on the Commission to initiate amendments to the 4th AML Directive in the second quarter of 2016 the latest. The informal ECOFIN Council also called for action in April 2016 to enhance the transparency of beneficial ownership registers, to clarify the registration requirements for trusts, to speed up the interconnection of national beneficial ownership registers, to promote automatic exchange of information on beneficial ownership, and to strengthen customer due diligence rules. The EU's AML revised framework that is in force at present was adopted on 20 May 2015, consisting of the 4th AML Directive and Regulation (EU) 2015/847 on information accompanying transfers of funds. The transposition deadline for the 4th AML Directive and the entry into force of Regulation (EU) 2015/847 was set for 26 June 2017. The EU's supranational risk assessment was also published back in June 2017.

On 1 January 2018 new rules became law enabling national tax authorities to have direct access to information on the beneficial owners of companies, trusts and other entities, as well as customer due diligence records of companies. The new rules are contained in the Directive on Administrative Co-operation (Directive 2011 / 16/ EU).

Transparency requirements for corporate entities and trusts

Under the new rules, member states shall be required to ensure compulsory public disclosure of certain information on beneficial owners in respect of companies and legal entities engaging in profit-making activities.

Conversely, public access requirements are not put in place in respect of trusts and other legal arrangements. The 5th AML Directive recognises that trusts may also be set up for non-commercial purposes, such as charitable aims, use of family assets, and other purposes beneficial to the community/ general public. Considering that such arrangements do not qualify as business benefits, the essential data on trusts' beneficial owners shall only be granted to persons holding a legitimate interest. Similarly, the 4th AML Directive already grants competent authorities access to beneficial ownership of trusts and other legal arrangements, albeit in limited circumstances.

Virtual currencies and verification

The 5th AML Directive introduces a requirement for member states to verify beneficial ownership information submitted to their beneficial ownership registers as well as an extension of anti-money laundering legislation applicability to virtual currencies.

Third-countries

With respect to transactions involving third countries, the obliged entities shall apply enhanced customer due diligence measures set out in the directive. Member States will introduce such rules as a requirement for all transactions with natural persons or legal entities established in third countries identified as high-risk countries pursuant to Article 9 (2) of the Directive.

Offences & Penalties

In addition, the EU Parliament and Council have recently informally agreed the scope of EU-wide definitions for money laundering related offences, and the minimum penalties for these offences, which aim to improve enforcement and increase deterrence in relation to these criminal activities. A minimum of four years imprisonment has been agreed for money laundering sentences, as well as additional sanctions barring those convicted from holding public office or being able to access public funding.

Relevantly, the draft definition within the proposed Directive defines "criminal activity" as including criminal tax offences, both direct and indirect taxes, as defined by national law, punishable by deprivation of liberty or a detention order for a maximum of more than one year, or for a minimum of more than six months in Member States that have a minimum threshold for offences.

CCTB or not to CCTB, that is the question...

On 15 March, following on from the 2016 European Commission push to further progress on the issue of Common Consolidated Corporate Tax Base by launching two separate legislative proposals on the Common Corporate Tax Base and Common Consolidated Corporate Tax Base, the European Parliament approved by 438 votes to 145, with 69 abstaining, the amendments to the Common Consolidated Corporate Tax Base proposal. The Parliament also approved the Common Corporate Tax Base system by 451 votes to 141, with 59 abstentions from that vote.

The proposals call for the Commission to set benchmarks to assist in identifying the digital presence of a business within a EU member state, and develop a single set of tax rules for all member states, with taxes to be managed via a "one-stop-shop" system, such that businesses can calculate what is to be paid to each member state based on where profits have been generated. The new resolutions are now being considered by the Council and Commission.

Whilst discussions are ongoing at the Council and Commission, Germany and France on 19 June published a joint paper concerning the proposals, setting out a common position concerning the scope, tax base and anti-BEPS measures which they support concerning CCTB. The paper stresses that the countries share the objective of the CCTB Directive, and that the CCTB ought to be adopted by Member States as soon as possible, in order to progress adoption of the CCCTB Directive.

CFE has published an Opinion Statement on the CCTB & CCCTB proposals.

EU-wide protection of whistleblowers.

On 23 April, the European Commission published a proposed directive concerning the protection of those persons reporting on breaches of European Union law. The directive proposes EU-wide protection to be adopted for whistleblowers reporting on breaches of EU legislation in the fields of public procurement, financial services, money laundering and terrorist financing, product safety, transport safety, environmental protection, nuclear safety, food and feed safety, animal health and welfare, public health, consumer protection, privacy, data protection and security of network and information systems, breaches of EU competition rules, violations and abuse of corporate tax rules, and damage to EU financial interests.

The proposed directive requires companies with either more than 50 employees or an annual turnover exceeding €10 million to set up internal procedures for whistleblower reporting. Regional, state and municipal bodies with over 10,000 inhabitants would also be subject to the proposed directive. The features of the protection mechanisms proposed under the draft must include clear reporting channels both inside and outside of an organisation and a three-tiered reporting system consisting of: 1) internal reporting channels; 2) reporting to competent authorities; and 3) public or media reporting. Companies and authorities would also have feedback obligations, such that they have 3 months to respond to whistleblower reports under the proposal.

The directive also includes provisions which would forbid all forms of retaliation, to be enforced by means of sanctions. Whistleblowers are also to be provided access to free advice and remedies in instances where retaliation is experienced, with the burden of proof to be reversed such that the organisation or person must prove they are not acting in retaliation against the whistleblower.

CFE responded by way of an Opinion Statement to a Commission public consultation conducted in 2017 concerning whistleblower protection, and also later by way of open letter clarifying CFE’s position on the issue.

The proposed directive will now be considered by the co-legislators, the Council and Parliament.

Company law reform proposal package.

On 25 April, the European Commission published two proposals to reform and digitalise EU company law in order to make it easier for companies to reorganise, i.e. merge, divide or move within the EU Single Market. Further, the proposals seek to prevent tax avoidance practices that rely on artificial arrangements.

EU Commission First Vice-President Frans Timmermans stated: *"In our thriving EU Single Market, companies have the freedom to move and grow. But this needs to happen in a fair way. Today's proposal puts in place clear procedures for companies, with strong safeguards to protect employees' rights and, for the first time, to prevent artificial arrangements aiming at tax avoidance and other abuses."*

The package is comprised of two proposals, the first of which proposes to amend the existing rules on the cross-border conversions, mergers and divisions, and the latter to adapt company law to the digital era.

Proposed Directive on Cross-border Conversions, Mergers and Divisions

The proposal envisages common EU rules for cross-border conversions and divisions aiming to update existing ones on cross-border mergers. One of Commission's policy objectives with this proposal is to increase the cross-border accessibility to company-related information that will help ensure fair taxation where profits are generated. The safeguards against abuse of the conversion and division procedures to create artificial arrangements aimed at obtaining undue tax advantages will aim to complement EU's recent anti-tax avoidance directives. Further, the proposal sets out safeguards for employee rights including the establishment of artificial arrangements for tax avoidance purposes.

Proposed Directive on the Use of Digital Tools and Processes in Company Law

The proposal sets out simpler rules for companies to be able to set up branches and file documents in a digital format throughout the European Union. The 'once-only' principle guarantees that according to EU law companies will not have to file the same documents in different EU member states. This proposal for digitalisation of EU company law, according to the European Commission, will reduce both the cost and the compliance burden for doing business the EU.

EU Tax Policy – Indirect Tax

04

VAT reform package.

On 18 January 2018, the European Commission issued two sets of proposals, one seeking to reform VAT rates and the other to lessen the administrative burden for small enterprises. The proposals are subsequent to the earlier proposals on the 'cornerstones of a new definitive single EU VAT area' which were published in October 2017.

VAT Rates

The new rules seek to give Member States more flexibility to set new VAT rates, and put Member States on more equal footing in terms of derogations. The current rules only allow Member States to apply reduced VAT rates to two categories, and to apply specific derogations to certain reduced rates. Under the new rules, a simplified list will be created showing the products which will always be subject to the standard rate, as opposed to the current list containing lists of goods and services subject to reduced rates. The new proposals seek to increase harmonisation of rates and make it a less restrictive system. Member states will be allowed to apply:

- Two separate reduced rates below the proposed standard rate of 15% to 5% at the lowest;
- One reduced rate lower than the above mentioned reduced rate that can be as low as 0%;
- One VAT exemption (or 'zero rate').

Simplification for SMEs

In addition to the proposals on VAT rates, the European Commission also published proposals seeking to simplify VAT rules for small enterprises. The proposals seek to introduce new simplified measures regarding invoicing, VAT registration, accounting and returns for SMEs acting both in wholly domestic markets and also cross-border across the EU.

Under the current rules an exemption can be applied to sales of small and medium enterprises ("SMEs") under a certain threshold which varies across Member States. When the SME exceeds this threshold they cease to avail of the simplification measures. The current rules apply only to domestic sales made of the SME, this creates a distortion against SMEs operating cross-border.

Under the proposed rules, whilst Member States will still decide the threshold, a limit of 100,000 will apply. SMEs would be entitled to benefit from the exemption not only on domestic sales but also on cross-border sales to other Member States. Member States would be allowed to exempt all small business that qualify for a VAT exemption from obligations relating to identification, invoicing, accounting or returns. In addition, a new category will be created for SMEs with annual turnover in excess of the 100,000 euro threshold but under 2 million euro under which SMEs would benefit from simplification measures regardless of whether or not they have already been exempted from VAT.

CFE has published Opinion Statements concerning the comprehensive proposal, VAT rates proposal and SMEs special scheme proposals.

Additionally, on 25 May, the European Commission published two further proposals which it introduced as “the final technical measures to create a future fraud-proof EU VAT system” following on from its comprehensive proposal of 2017 and the initial introduction of the VAT Action Plan in 2016 to implement the cornerstones of the proposed Plan. The two new proposed directives set out the technical revisions required to existing EU VAT legislation in order to give effect to the proposed comprehensive revisions, with the Commission stating that around 200 of the existing 408 articles of the VAT Directive will need to be amended.

The proposed directives concern the following matters:

1. Detailed technical measures for the operation of the definitive VAT system for the taxation of trade between Member States; and
2. the period of application of the optional reverse charge mechanism in relation to supplies of certain goods and services susceptible to fraud and of the Quick Reaction Mechanism against VAT fraud.

Progress of VAT proposals in Council.

In terms of progress on approving the raft of proposals detailed above, the Council of the EU, at its Economic and Financial Affairs meeting on 22 June, agreed the following VAT proposals:

- **Proposal for amending Council Regulation (EU) No 904/2010 as regards measures to strengthen administrative cooperation in the field of value added tax**

  This regulation forms part of the fair taxation package for the creation of a single EU value added tax area, as set out in the Commission roadmap. The regulation provides for Member States to increase the exchange of information and cooperation between their national tax authorities and law enforcement in order to tackle VAT fraud.

  More specifically, the Regulation provides for joint processing and analysis of relevant data with Eurofisc, improving the operational framework for coordinated checks between Member States, developing the exchange of data between tax administrations and law enforcement at EU level, and tackling VAT fraud involving dual VAT regimes by improving access to data.

  Once the European Parliament has delivered its opinion, the regulation will be adopted without further discussion.

- **Proposal to amend Directive 2006/112/EC on the common system of value added tax as regards the obligation to respect a minimum standard rate**

  This Directive sets a 15% minimum standard rate as a permanent feature of the new VAT system. The Directive is aimed at eliminating distortive competition that would occur with divergence in VAT rates in Member States, and the impact that would have on trade and cross-border supplies.

However, discussions in Council continue concerning replacing the transitional VAT system with a definitive new VAT regime as set out in the Commission proposals published in January and May 2018.

EU Policy – Blacklist, TAX3 & Semester Reports

05

EU blacklist of non-cooperative jurisdictions.

Since the beginning of the year, there have been mutliple changes made to the EU List of Non-Cooperative Jurisdictions in Taxation Matters. Following the January Council of the European Union ECOFIN meeting, an update was published removing eight jurisdictions, namely Barbados, Grenada, the Republic of Korea, Macao SAR, Mongolia, Panama, Tunisia and the UAE from the list. This followed on from the countries undertaking to implement tax good governance principles of transparency, through automatic exchange of information, and becoming members of the Global Forum or ratifying the OECD Multilateral Convention on Mutual Administrative Assistance.

Following an assessment of commitments made to remedy EU concerns, the ECOFIN Council at the March meeting removed Bahrain, the Marshall Islands and Saint Lucia from the list. However, The Bahamas, Saint Kitts and Nevis and the US Virgin Islands were all added to the list, as a result of failing to respond to letters sent by the Council in January 2018 requesting the countries make high political level commitments to remedy specific EU concerns.

In the same vein, following the ECOFIN Council meeting on 25 May, The Bahamas and Saint Kitts and Nevis were removed from the list Seven countries now remain on the list: American Samoa, Guam, Namibia, Palau, Samoa, Trinidad and Tobago and the US Virgin Islands.

The Council have stated that they will carefully monitor the implementation of the undertakings.

“Blacklist” Countermeasure Guidelines

Additionally, on 21 March, the Commission published guidelines identifying countermeasures for the movement of EU funds through countries identified as non-cooperative tax jurisdictions. The guidelines detail the relevant legislation concerning transfers of EU monies in relation to non-cooperative jurisdictions, and provide a framework for assessing the risks of tax avoidance in projects involving entities in these jurisdictions. The legislation requires that EU funds do not support projects which contribute to tax avoidance, and that funding is routed according to good governance taxation standards.

“The Commission will not allow EU funds to contribute to global tax avoidance. These EU level countermeasures should act as a wake-up call for those jurisdictions as they show the EU is serious about tackling tax avoidance on a global scale”, Commissioner Pierre Moscovici said of the guidelines.

“PANA” Inquiry Continued: “TAX3” – The European Parliament Special Inquiry Committee.

On 7 February, the European Parliament voted in favour of beginning a new investigation into financial crimes, tax evasion, and tax avoidance. The inquiry aims to further the work of its predecessor inquiries, TAXE 1 and TAXE 2 and the work carried out by the PANA committee. According to its terms of reference, the inquiry, referred to as “TAX3”, will include a focus on tax avoidance and evasion related to the digital economy, circumvention of VAT, methods used in the EU tax blacklist of third-country tax havens, EU progress in removing harmful tax regimes, and the impact of double tax treaties.

TAX3 met on 22 March in Brussels for its inaugural meeting. Petr Ježek (ALDE/ CZ), co-rapporteur on the PANA Committee, was appointed as chair of the TAX3 Committee. To date, TAX3 have held multiple hearings and workshops examining previous investigations’ findings and recommendations, virtual currencies, taxation of the digital economy and national aggressive tax planning practices**.**

TAX3 have agreed to present a report on the inquiry by 1 March 2019, effectively by the end of this Parliament, however a draft final report will reportedly be available in November 2018.

European Semester Reports.

The European Semester Reports and Aggressive Tax Planning Indicators Report were published in March, identifying Member States where economic indicators suggest that those countries facilitate harmful tax practices.

Indicators such as foreign direct investment, corporate revenue and net royalty payments as a percentage of GDP, bilateral import price anomalies and dividend repatriation routes were examined as part of the reports, to reveal patterns that signify the existence of aggressive tax planning. The reports indicate that Cyprus, Malta, and Luxembourg raise more corporate tax relative to their GDP than models predict, and foreign directive investment was several times higher than GDP in Cyprus, Ireland, Luxembourg, Malta and the Netherlands. Ireland was reported as having the highest net royalty payments as a percentage of GDP.

Following the Reports being released, the EU Economic and Financial Affairs Council, at its meeting on 22 June, approved draft recommendations for Member States' economic and fiscal policies arising from the 2018 European Semester Reports policy monitoring process. Country-specific recommendations and opinions pursuing structural reform and responsible fiscal policies were approved by the Council, and referred for endorsement by the European Council at its meeting on 28 and 29 June. The Council is expected to adopt the recommendations on 13 July 2018.

International Policy – OECD & UN

06

OECD Update.

New CRS Implementation Handbook Released

In April, the OECD published a second edition of the Common Reporting Standard Implementation Handbook, together with practical guidance for institutions and governments concerning implementation. The updates are centred around data protection, IT and administrative requirements, as well as the identification of Controlling Persons and standards related to that issue.

Alongside this publication, the OECD also made available a new set of bilateral exchange relationships, established under the Common Reporting Standard Multilateral Competent Authority Agreement (CRS MCAA). There are reportedly now over 2700 bilateral relationships established worldwide which provide for the automatic exchange of offshore financial account information.

The OECD additionally published comments received on the discussion draft that concerns new rules requiring disclosure of CRS avoidance arrangements and offshore structures. The model rules are intended to target promoters and service providers with a material involvement in the design, marketing or implementation of CRS avoidance arrangements or offshore structures. The proposed rules would require such intermediaries to disclose information on the scheme to their national tax authority. The rules contemplate that information on those schemes (including the identity of any user or beneficial owner) would then be made available to other tax authorities in accordance with the requirements of the applicable information exchange agreement.

CFE submitted comments to this OECD consultation on behalf of the Global Tax Advisers' Cooperation Forum.

BEPS Inclusive Framework & Multilateral Convention on Mutual Administrative Assistance in Tax Matters

Since January, the OECD Inclusive Framework on BEPS, which brings together jurisdictions to collaborate on the implementation of the OECD/ G20 Base Erosion and Profit Shifting (BEPS) package, has grown from 111 to 116 countries, with Saint Lucia, Bahrain, The United Arab Emirates, Anguilla, Serbia and Mongolia joining the Framework in the past six months. In joining the framework, the countries commit to implementing anti-BEPS minimum standards and peer review processes, as part of the OECD efforts to address tax avoidance.

In a significant milestone for the BEPS project, the OECD's BEPS multilateral tax treaty instrument ("MLI") entered into force on 1 July 2018. This follows from the deposit of the fifth instrument of ratification by Slovenia. The other ratifying countries are Austria, the Isle of Man, Jersey and Poland. The treaty allows jurisdictions to update their existing double tax treaties and transpose measures agreed in the BEPS project without further need for bilateral negotiations, and aims to increase transparency and further efforts to reduce cross-border tax evasion. To date, there are now 82 jurisdictions who are signatories to the treaty.

BEPS & CbC Peer Review Reports

The OECD has also published Stage 1 Peer Review Reports assessing tax dispute resolution practices in Czech Republic, Denmark, Finland, Korea, Norway, Poland, Singapore and Spain, examining compliance with best practice standards established in Action 14 of the BEPS plan concerning resolution of taxation disputes. The reports contain over 215 recommendations for implementation for these countries. Stage 2 of the process will assess compliance with these recommendations contained in the Stage 1 Peer Review Reports.

The OECD additionally released peer reviews from the Country-by-Country reporting initiative which assess the legal and administrative framework and implementation of the OECD/G20 Base Erosion and Profit Shifting (BEPS) minimum standards of 95 Inclusive Framework jurisdictions as of January 2018. The OECD reports that 60 out of the 95 countries reviewed where MNEs have headquarters have implemented reporting obligations for MNEs that are in line with requirements of the BEPS minimum standards.

Country-by-Country reporting exchanges under the BEPS minimum standards are to begin in June 2018. The OECD reports there are more than 1400 bilateral relationships to which the reporting exchanges will apply; a number that will continue to grow.

This first peer review will be followed by two further annual reviews. The second review process began in April 2018 and will focus on the exchange of information aspect of Country-by-Country reporting.

Preferential Tax Regime Compliance

On 9 May, the OECD released updates concerning reviews conducted by the Forum on Harmful Tax Practices (FHTP) in relation to compliance of preferential tax regimes of inclusive framework countries with OECD/G20 BEPS standards to improve the international tax framework, in accordance with BEPS Action 5.

Regimes from Lithuania, Luxembourg, Singapore and the Slovak Republic designed to comply with the standards were determined not to be harmful and met the transparency and exchange of information criteria. A further four regimes from Chile, Malaysia, Turkey and Uruguay were either abolished or require amendment to remove harmful features. 3 additional regimes, 1 from Kenya and 2 from Vietnam, were found not to pose a BEPS Action 5 risk and were accordingly held to be out of scope.

The FHTP have considered 175 regimes from over 50 jurisdictions since the Inclusive Framework was formed. From these regimes reviewed, 4 were found to have harmful features, 31 have been changed, 81 require legislative changes that are currently in progress, 47 were found not to pose any BEPS risk, and 12 are presently under review.

Global Forum Tax Transparency Update

The OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes, has published 9 peer review reports which assess the compliance of a country with international tax transparency standards. The Global Forum includes 150 members, including all G20 and OECD countries, as well as international financial institutions. Estonia, France, Monaco and New Zealand were rated as being "compliant" which the standards, whilst The Bahamas, Belgium and Hungary received a rating of "largely compliant", and Ghana "partially compliant". A supplementary report was also issued concerning Jamaica's progress with tax transparency standards, in which it was attributed a rating of "largely compliant".

UN Double Tax Treaty Model Update.

In May, the 2017 update of the United Nations Model Double Taxation Convention between Developed and Developing Countries was published online on the occasion of the 16th Session meeting of the Committee of Experts on International Cooperation in Tax Matters convened in New York. The updated Model Double Taxation Convention incorporates changes which were approved in April 2017 by the Committee. The 2017 update incorporates language contained in the Base Erosion and Profit Shifting Project of the OECD and G20, aimed at preventing improperly obtained treaty benefits. In particular, the update incorporates new anti-abuse rules and introduces an article which permits the imposition of a withholding tax relating to fees for technical services.

EU State Aid Update & European Commission Decisions

07

Commission publishes final *Amazon* ruling.

The EU Commission published on 26 February 2018 the non-confidential version of its *Amazon* State aid decision of October 2017 that had concluded a three-year investigation into the group's tax arrangements in Luxembourg. The Commission established that the Luxembourg tax administration endorsed a methodology of calculation of taxable profits of Amazon's Luxembourg operating company (Amazon sprl) that had in effect reduced Amazon's taxable basis by payment of non-arm's length royalty. The tax ruling which approved the transfer-pricing report related to the above methodological parameters and the utilisation of the group's intangible assets was declared to be in breach of the State aid rules. The decision is under appeal at the Court of Justice, which pending the outcome, does not however prevent recovery of the assessed back-taxes.

The Tax Structure Under Scrutiny

The Commission established that Luxembourg had granted State aid to the Amazon group (primarily to Amazon sprl "the operating company") by virtue of a tax ruling dated 6 November 2003 and extended in 2011. This tax ruling allegedly reduced Amazon's operating company tax liability by transferring non-arm's length royalty to its parent Amazon SCS for the use of the group's intangible property. Commission claim that this ruling endorsed a method of calculation of annual payments from the operating company to the holding company for the IP rights to the Amazon, which exceeded, on average, 90% of the operating company's operating profits. Due to the legal form of this entity, a Luxembourg limited partnership with US-based partners, and its look-through nature for tax purposes, alongside the methodological choices accepted in the transfer-pricing report, the royalty payment to the SCS from Amazon sprl was assessed as non-compliant with a market-based outcome and consequently contrary to the State aid rules.

Under Luxembourg's tax law, the operating entity is subject to corporate tax whilst the SCS is not due to the chosen legal form and a mismatch with US tax law. The taxation rights of SCS partners' profits thus belong to the United States, with the US tax liability subject to deferral. The Commission further claim that the SCS was not actively involved in the development of the IP and was not engaged in management of risks, assets and functions that would justify the level of royalty it received. In this way, three quarters of Amazon's profits were unduly attributed to the partnership, where they remained untaxed. According to the Commission, the ruling that endorsed the methods for taxation of profits amounts to selective advantage for Amazon not available to other companies in a comparable factual and legal situation, an illegal practice under the State aid rules.

Further steps

Commission have set out the methodology to calculate the back taxes initially estimated at €250 million, plus interest. An action for annulment of a Commission State aid decision does not have a suspensory effect, obliging the Luxembourg government to recover the assessed tax. Under EU law, assessed back taxes under State air rules are not a penalty, rather an assessment that levels the playing field, and does not penalise the operating company as a beneficiary of State aid.

Commission publishes IKEA State aid inquiry letter.

The EU Commission published the letter that sets out DG Competition's opening arguments on the State aid investigation into IKEA's tax arrangements in the Netherlands. Commission's formal investigation procedure is focused on two tax rulings, granted by the Dutch tax administration in 2006 and 2011 respectively. Commission asserts that the profits of IKEA's Dutch entity were artificially reduced by endorsing a method for calculation of the annual fees that allows further transfer of IKEA's worldwide franchising fees to a Luxembourgish entity.

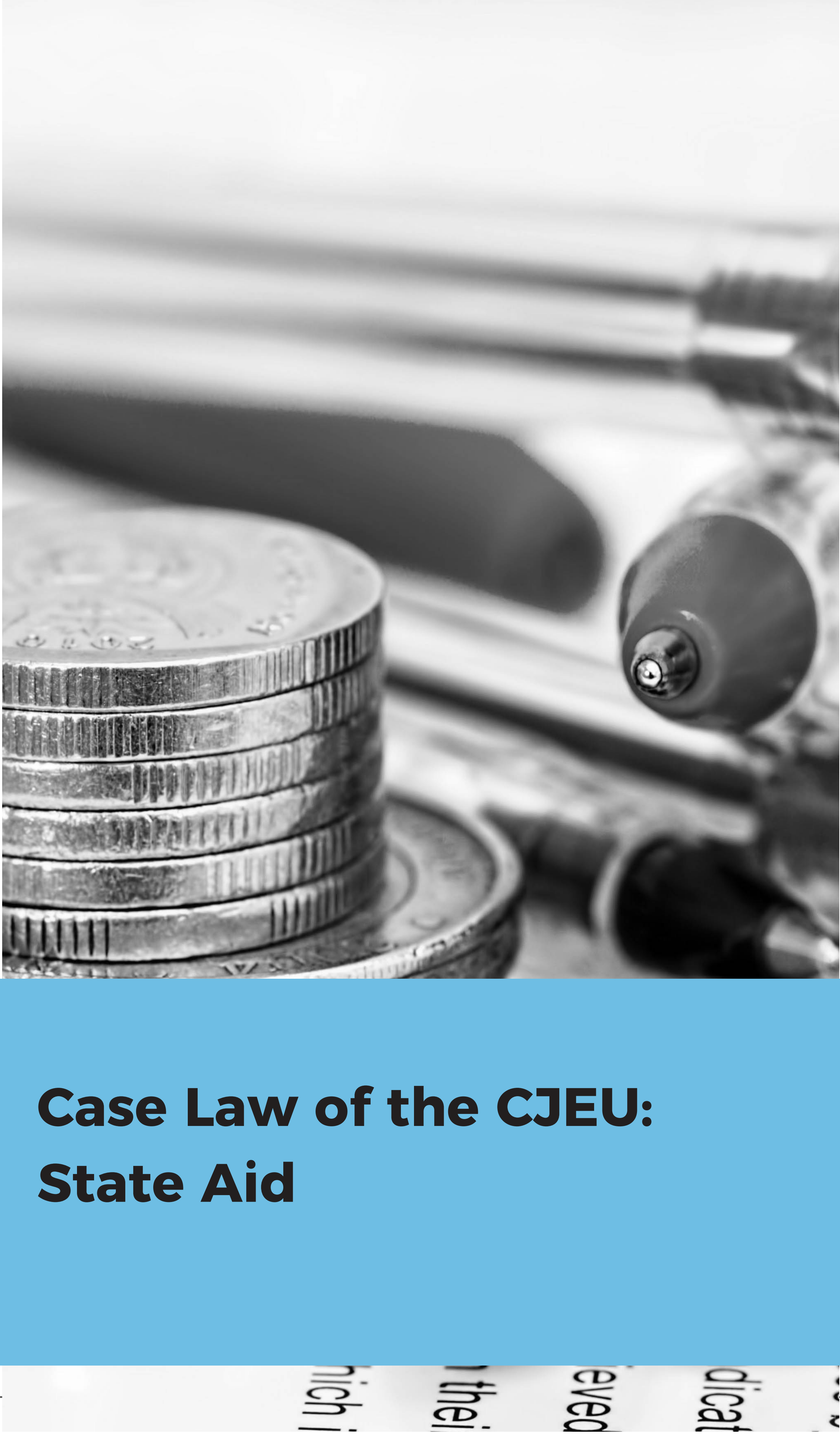
Inter Ikea Holding was part of a special tax scheme in Luxembourg (holding exemption for dividends), effectively relieving profits from corporate taxation in Luxembourg. This regime was declared a harmful tax measure within the meaning of the EU Code of Conduct on business taxation on the grounds that the exemption was not conditional upon the payment of a sufficient tax by the distributing company. The measure was subsequently phased out at the end of 2010 at Commission's request.

In 2011, a second tax ruling endorsed a pricing methodology for IP acquisition at the level of Inter IKEA Systems. The ruling further confirmed the tax treatment of an intercompany loan to the parent company in Liechtenstein, i.e. the interest deduction from Netherlands' profits. The Commission asserts that these interest payments were a profit shifting strategy where the vast majority of IKEA's franchising income after 2011 was diverted to the parent company for tax reasons.

The Commission's State aid inquiry will now assess whether the arrangements are at arm's length, in particular:

- Whether the level of the annual licence fee payments reflect Inter IKEA Systems' contribution to the franchising business, and,
- Whether the interest deductions from IKEA's Dutch tax base as endorsed by the tax rulings are compliant with the EU State aid rules.

At this stage of the investigation, the Commission may also request information from other Member states, including market information from other companies or association of undertakings in accordance with the Procedural Regulation 2015/1589.



Case Law of the CJEU: State Aid

08

US intervention in *Apple* State aid case.

The Court of Justice of the European Union has upheld the decision of European Union General Court, determining that the US could not establish the requisite interest needed in order to intervene in proceedings related to the decision of the European Commission taken in August 2016 that Apple's Irish entities owed over 13 billion Euros in taxes for state aid incorrectly granted to Apple which artificially lowered the entities' profits. The decision is currently being appealed by Apple entities in Ireland.

The US argued that tax revenues would be impacted by the recovery proceedings in Ireland, on the basis that foreign tax credits would likely offset US tax collected on future repatriation of profits. However, the CJEU upheld the decision of the General Court that the US could not prove the company would repatriate profits, and thereby could not establish the necessary direct interest to be able to intervene in proceedings.

In relation to the recovery of tax at stake in the dispute, the Irish Finance Minister has confirmed that Apple has now paid the first installment of 1.5 billion Euros into the escrow account set up to hold the 13 billion Euros of total disputed taxes until the dispute is finalised.

Case Law of the CJEU: Direct Tax

09

AG Opinion in C-650/16 *Bevola.*

Advocate General Sanchez- Bordona ("AG) issued an Opinion in the Case Bevola, Jens W. Trock ApS v Skatteministeriet (C-650/16). The case concerns the possibility to claim cross-border loss relief regarding losses incurred by non-resident permanent establishments ("PE"), i.e. branches in other Member States. Bevola is an important case where the Court of Justice has another opportunity to revisit the *Marks & Spencer* final losses doctrine, twelve years after this case.

Summary

The Advocate General confirms the comparability of the situation of final losses of non-resident and resident PEs, claiming that opposition to the *Marks & Spencer* exception is disproportionate and contrary to Article 49 TFEU, ie. the freedom of establishment. It transpires from the AG's analysis that it would be in breach of EU law if a resident PE could claim loss relief, but a non-resident PE could not be, in respect of final losses in a comparable situation.

Issues

The case considers three important issues:

1. whether the *Marks & Spencer* exception should be retained;
2. if the exception is retained, whether it should apply to subsidiaries only or equally to losses of (non-resident) PEs;
3. whether the Danish legislation which enables resident companies to deduct losses of non-resident PEs is compatible with EU law.

Final Losses of Non-Rsident PEs

Regarding the question whether the *Marks & Spencer* exception should be applicable to this situation on equal footing, the AG recalls that the freedom of establishment should not in principle be restricted by tax measures as per Article 49 TFEU. For tax purposes, where a PE is located in a host state, it may be treated as a separate entity in accordance with Articles 5 and 7 of the OECD Model.

Following *Lidl Belgium*, losses of non-resident PEs may be deducted from the profits of the principal company as per *Marks & Spencer para 55*. However, after the *X-Holding* judgment, PEs and non-resident subsidiaries could be considered not to be in a comparable situation with regards to allocation of taxing powers. A similar approach was taken by the Court in *Nordea Bank*.

On the basis of this case-law, the AG claims that there is a confusion as to the criteria to ascertain the comparability of the tax treatment of parent companies, subsidiaries and non-resident PEs. In light of the uncertainty created by this situation, the AG infers that as a rule, the tax treatment of non-resident PEs and foreign subsidiaries must be equal, as far as the deduction of final losses cannot be used in the PE's state of origin. Such tax treatment must also be in line with the approach taken by ATAD (Directive 2011/96/EU, recital 9).

Considering that the losses in question of *Bevola* were final losses of a non-resident PE upon winding-up and arising from the closure of business, these could not be transferred to the company to which the PE belongs (the state of origin), and could therefore not be deducted from the basis of assessment in the origin state of the PE. Such a situation concerning final losses of non-resident PE, according to the AG, could be covered by the *Marks & Spencer* exception.

On this basis, considering that the Danish legislation includes the revenues of resident and non-resident PEs within its power to tax, Denmark is bound to apply the equal treatment principle to comparable situations, therefore awarding the same tax treatment to loss relief of resident and non-resident PEs.

The Advocate General concluded that the *Marks & Spencer* exception could indeed be applicable to the dispute in question. If the final losses of a non-resident PE in Denmark cannot be offset in the origin country of the PE, there must be a possibility to claim loss relief in the host state (Denmark), equating the situation of resident and non-resident PEs under such comparable circumstances.

Selectivity of Tax Measures – *AGNED v Asturias* – C-2374/16 & C-235/16

The First Chamber of the Court of Justice of the European Union ("ECJ") rendered a judgment on 26 April 2018 on the interpretation of Articles 49 and 54, and Article 107(1) of the Treaty on the Functioning of the European Union ("TFEU"), that clarifies the compliance of tax measures with the EU freedom of establishment, and the EU State aid rules.

Questions

The joined cases concerned a preliminary ruling from the Spanish Supreme Court under Article 267 TFEU seeking to establish:

- Whether a regional tax on large retail establishments levied by a Spanish autonomous region is in breach of the freedom of establishment, constituting covert or overt discrimination of foreign companies in a host state scenario, contrary to the national treatment principle; and,
- Whether the exclusion of small companies from the scope of this tax constitutes selective advantage contrary to the State aid prohibition of Article 107(1) TFEU.

Judgment

The Court concluded the tax levied on large retail establishments by the Spanish Autonomous Region of Asturias does not constitute a restriction on the freedom of establishment, nor an overt or covert discrimination on cross-border operating businesses, in line with established case-law (cf. *Denkavit* and *ACT IV Group Litigation*).

Regarding the State aid assessment, the Court clarified the criterion of 'selectivity', establishing that the non-taxation of smaller retail establishments did not constitute a selective advantage for these undertakings, when compared with large retailers. In order to classify a tax measure as selective, it needs to differentiate between operators that are in a comparable factual and legal situation in light of the objective pursued by the reference system in question, in line with recent case-law (ie. *World Duty Free* C-20/15 & C-21/15, para 57 et seq.)

Furthermore, the Court has clarified that in establishing material selectivity of tax measures, it is not always necessary to prove a derogation from the system of reference (cf. *Adria-Wien Pipeline* C-143/99). Under the ECJ's interpretation of the EU State aid rules, the "effects" of a tax measure take precedence over the "regulatory technique" used (cf. *British Aggregates* C-487/06 and *Gibraltar* C-106/09 & C-107/09).

The issue of geographical selectivity was not raised, and was considered *acte clair,* in line with the *Azores* criteria.

The first Chamber thus confirmed the approach of Advocate General Kokkott in her Opinion of 9 November 2017 in response to the preliminary ruling request by the Spanish Supreme Court.

ABOUT CFE: Interview of CFE President Piergiorgio Valente for the Magazine of the Chamber of Tax Advisers of the Czech Republic (KDPČR)

1. The CFE has brought together tax institutes and chambers for more than 50 years. How do you see the role of the CFE in relation to international cooperation of tax advisers and why is international cooperation so important?

International cooperation is a tax advisers' most important tool to respond to the needs of an ever-globalising economy. Nowadays, taxation tends to involve multiple taxpayers, multinational businesses, and various jurisdictions. International and supranational organisations, such as the EU and the OECD, are more and more in the lead. Tax advisers need to overcome national boundaries if they are to maintain their value. The best way to do so is by cooperating at international level, by acting together for the benefit of each one of us individually as well as for all of us collectively.

CFE is committed to promote international cooperation of tax advisers by providing the means to this purpose. First and foremost, we seek to create opportunities for tax advisers from our member jurisdictions and not only to exchange ideas on the most current issues, to identify and develop best practices, to enhance their international skills.

Secondly, we seek to provide the means for diffusion of information on tax-related matters so as to ensure that tax advisers are always aware of the latest developments not only in their jurisdiction of main practice but also around Europe and, to the extent possible, around the world.

Thirdly, we seek to proactively identify areas of common interest, such as taxation of digital economy, where tax advisers' working together can add maximum value. In these cases, our goal is to provide the means for the most efficient collaboration in a time- and cost-effective manner.

Finally, CFE is proud to have set the example for the establishment of other inter-continental professional associations of tax advisers, such as Asia-Oceania Tax Consultants' Association (AOTCA). Thus, CFE contributed to the promotion of international cooperation even beyond its area of principal interest, i.e. Europe.

2. What is the role of the CFE in the European legislative process and how is the relationship with the European Commission, European Parliament and other stakeholders?

Having an impact on European legislation is one of CFE's major objectives in the pursuit of fair taxation for all and the protection of tax advisers' interests. Although CFE is not part of the legislative process, it makes its positions known to the European institutions and try to ensure that our contribution is not limited to commenting initiatives under consideration or in progress of implementation but to make structured proposals and identify solutions. We believe that in this way we can be most useful to the institutions and to European taxpayers.

To this end, CFE:

1. seeks to respond to all public consultations launched by the EU Commission in relation to matters with an impact on taxation; thus we ensure that our members' positions are heard by the institutions in the strongest manner;

2. participates in European Commission's expert groups including the EU Platform for Tax Good Governance, the EU VAT Expert Group and the EU VAT Forum, where it has the chance to make proposals for further issues of consideration;

3. follows the developments in terms of EU legislation and publishes opinion statements to express in a prompt and effective manner tax advisers' position; while it also

4. makes regular publications on current tax matters to reinforce its position and spark the public debate thereon.

To the same effect, CFE has constructed and seeks to maintain and strengthen its relations with the EU institutions and in particular the Commission. For this purpose, we have established the annual CFE dinner with Commission's officers. In addition, we often proceed with common publications with Commission's officers. Finally, they are a quasi standard presence in our events, such as the CFE Forum.

In this context, I would like to underline one of CFE's most recent achievements: the amendment of the current work programme of the Platform for Tax Good Governance so as to specifically include taxpayers' rights.

3. The tax environment is always changing. Can you give examples of how the CFE presents tax advisers opinions and put across their interests?

We are experiencing the overhaul of international taxation. This is undeniable and exactly what makes our role so critical today. What makes the situation more difficult is the rising distrust of tax professionals following the recent tax scandals. In CFE we consider it our mission to protect and promote tax advisers' interests in this transitional period and to re-gain trust for the tax profession.

To effectively pursue this purpose, we monitor the developments and employ efficient ways to construct and communicate promptly our positions. Therefore, CFE is vested with specialized internal committees with focus on the most important areas of common interest for our members. The most significant of these committees are:

1. the Fiscal Committee (FC), which keeps up with tax policy developments at EU and international level and contributes thereto;

2. the Professional Affairs Committee (PAC) that focuses on policy initiatives in the EU and international ambit with impact on tax advisers' professional conduct, e.g. ethics, codes of conduct, mandatory reporting;

3. the ECJ Task Force, which consists of well-known academics and practitioners in the tax area who focus on ECJ case law, formulate and publish opinions thereon;

4. the Tax Technology Committee (under establishment) which will concentrate on the developments on taxation of the digital economy so as to foresee the impact on tax advisers and to identify ways for us to prepare therefor.

The above committees publish their opinions in the form of opinion statements on CFE website as well as the official CFE journal, European Taxation. Indicatively, in 2017, the FC published nine Opinion Statements, PAC published five Opinion Statements, and a further Opinion Statement jointly with FC, and the ECJ Task Force published four Opinion Statements.

4. How many professional organizations and tax advisers does the CFE represent and how can the CFE be beneficial for an individual tax adviser?

CFE is an umbrella organization for the representation of the tax profession in Europe. As at the end of December 2017, CFE's members included 30 professional associations from 24 European countries as well as a standing guest, Uzbekistan. In terms of individual tax professionals, this means more than 200,000. It is our priority to expand our membership to all countries in Europe, including at least one professional association for each country.

As already mentioned, CFE is devoted to the promotion of European tax advisers' interests in Europe and internationally. On this premise, our action entails by definition benefits to individual tax advisers. We defend interests of individual professionals and we try for a better tax environment for all of us. Acting together we are heard louder, the voice of each tax adviser is heard louder and can be more effective.

In addition, CFE offers the following to individual tax professionals:

1. a source of regularly updated information on the tax developments at EU and international level;

2. an extended network for exchange of knowledge and expertise and a meeting point for dialogue and communication of ideas;

3. an international forum for the development and adoption of best practices;

4. stimulation for professional excellence, especially for young advisers, through the A. Raedler award.

It goes without saying that we are always ready to consider and implement proposals for action from individual tax advisers as well as from professional associations.

5. The CFE is a European organisation but taxation is becoming a more and more global issue. How does the CFE reflect this situation and how does it plan to deal with these issues?

CFE is and shall remain a European organisation. Our primary area of focus is Europe and there is a lot to be done to achieve an optimal tax environment in our broad homeland. Nevertheless, we are well aware that even European boundaries are fading in an ever-globalising world. In order to be prepared and ensure a strong position in the international arena, we have established close cooperative relations with other international professional associations.

From the outset, it needs to be underlined that internationalisation is a years-old project for CFE. Indicatively, in 2013 we released together with AOTCA and Society of Trust and Estate Practitioners (STEP) the Model

Taxpayer Charter. This Charter is an instrument compiled on the basis of a survey on the status of taxpayers' rights in 37 countries in order to respond to deficiencies in the protection of such rights identified.

Furthermore, in 2014, CFE together with AOTCA and the West African Union of Tax Institutes (WAUTI) established a global forum for cooperation on specific tax issues: GTACF, the Global Tax Advisers' Cooperation Forum. Primary objective of GTACF was to provide a global response of tax advisers to international tax initiatives by organizations such as the OECD and the UN.

In April 2018, it was jointly decided to develop GTACF further and seek to exploit its full potential. As a first step, GTACF shall be changed to a platform, GTAP (Global Tax Advisers Platform), so as to better reflect its purpose and function. A platform allows discussion, while it warrants equal footing of the parties, ensuring regularity of dialogue and cooperation, without default engagements or costs. In addition, a platform may be considered more inclusive than a forum, permitting potential expansion of GTAP's activities in the future. To the same effect, action will be taken in four key areas: (i) strategic marketing, (ii) public recognition, (iii) technical matters and policy and (iv) membership. We are convinced that in this context, CFE as well as the other international professional associations, will have a real chance to enhance their visibility from an international perspective and to effectively pursue their goals in the changing international tax environment.

6. What interesting events and projects are on the CFE agenda?

While I have disclosed already some of our plans for the near future while answering the previous questions, I will summarise here for the sake of clarity and convenience our most important initiatives.

1. The GTAP project is planned to be one of our major priorities in the coming months.

2. Another important priority is the establishment of the Tax Technology Committee, i.e. a specialised internal CFE committee focusing on the developments regarding taxation of the digital economy, and committed to preparing us for the future of the tax profession.

3. In view of the 60th Anniversary of CFE in 2019, we are preparing an Anniversary book with contributions from renowned tax academics and professionals on the most current issues in international taxation.

4. As already mentioned, we wish to expand our membership to all European countries so as to ensure the representation of all different interests and cultures. We are hence planning to take steps for more European professional associations to join the CFE in the next months.

EU Tax Policy Report

JANUARY – JUNE 2018

CFE tax advisers europe