

CFE CONNECT

POLICY ENGAGEMENT



✦ FISC Hearing on Ultra-High-Net-Worth-Individuals

CFE Policy Analyst, Brodie McIntosh, attended the European Parliament's public hearing on the taxation of ultra-high-net-worth individuals on 11 December. The hearing featured expert speakers from the European Commission, OECD, European Tax Observatory, and Tax Foundation Europe. Discussions examined the use of aggressive tax planning, offshore structures, and opaque legal arrangements to minimise liabilities. Speakers emphasised the need for more robust administrative capacity, cross-border cooperation, and global reporting standards to close gaps.

✦ CFE Members Webinar on Legal Privilege

On 12 December, CFE hosted a members-only webinar on the evolving interpretation of legal professional privilege in EU tax law, presented by Prof. Nevja Čičin-Šain (WU Vienna). The session explored recent CJEU rulings in *Orde van Vlaamse Balies* (C-694/20), *Belgian Association of Tax Lawyers* (C-623/22), and *F SCS* (C-432/23), which have clarified the interaction between mandatory disclosure obligations under DAC and taxpayer rights under the EU Charter of Fundamental Rights. Prof. Čičin-Šain's analysis offered valuable insights for advisers navigating the boundaries of confidentiality, transparency and compliance.

✦ CFE Academy : VAT Training Session in North Macedonia

As part of CFE's Academy programme, Aleksandra Heinzer (Member, Indirect Taxes Subcommittee) delivered a technical training session for the Institute of Accountants and Chartered Accountants of North Macedonia in December. The presentation provided an overview of the European VAT system, with a focus on transactional treatment involving EU counterparties. The session highlighted practical compliance issues faced by businesses in EU candidate countries and supported capacity building within the national accountancy profession.

✦ Policy Engagement with EU Institutions and Practice

CFE Director, Aleksandar Ivanovski, held bilateral meetings in December with EU institutional stakeholders and professional practice representatives. Discussions focused on legislative developments including the recast of the Directive on Administrative Cooperation, Pillar Two implementation, and the intersection of tax transparency and professional privilege. These exchanges ensure that the views of European tax advisers are represented in key policy forums, and help inform CFE's technical and advocacy priorities for 2026.



**Fundamentals of the
European VAT system and
VAT implications in
transactions with the EU**

Aleksandra Heinzer

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TAX POLICY DEVELOPMENTS



Key Global & EU Tax Developments

✦ EU Consultation on DAC Recast

The European Commission launched a public consultation on a recast of the Directive on Administrative Cooperation, aiming to consolidate DAC1–DAC9 and simplify EU direct tax reporting frameworks. Proposed reforms include alignment of DAC4 and DAC9 (Pillar Two reporting), simplification of DAC6 hallmarks, proportionality in DAC7 thresholds, and enhanced IT interoperability. A legislative proposal is expected in Q2 2026.

✦ OECD Consultation on Global Mobility

The OECD consultation on the tax implications of global mobility, including cross-border remote work and short-term assignments closed in December. CFE submitted an Opinion Statement calling for clearer guidance on residence, employer obligations, and remote working arrangements. GTAP also submitted a detailed response. Both emphasise the need for alignment across tax, social security, and immigration rules, and stress the importance of safe harbours and dispute resolution to reduce double taxation risks.

✦ Joint Declaration on 2026 EU Priorities

The EU Parliament, Council and Commission issued a Joint Declaration identifying key priorities of competitiveness, simplification and enforcement for 2026. Relevant tax initiatives include the 28th Regime for Scale-ups, Savings & Investment Union reforms, and several “Omnibus” simplification packages.

✦ No Agreement on Pillar 2 Side-by-Side Solution Before Year-End

Despite intensive negotiations, the OECD Inclusive Framework failed to reach consensus before Christmas on the Pillar Two side-by-side implementation solution. Discussions are expected to resume in early 2026, with remaining concerns over competitive neutrality and transitional relief measures.

✦ OECD Immovable Property Framework

Twenty-six jurisdictions pledged to implement the OECD’s new framework for automatic exchange of information on foreign property holdings. It introduces two reporting modules covering ownership and income, with the first exchanges expected in 2029.

✦ BEPS Action 5: Tax Rulings Transparency

The OECD’s ninth peer review report found over 28,500 rulings in scope since 2010, with 5,500 exchanges in 2024. While most jurisdictions met the standard, 46 recommendations were issued, mainly due to legal and procedural gaps or timeliness concerns.

✦ FAQs on CRS & Crypto Reporting Framework

The OECD published updated FAQs clarifying CRS and CARF implementation. New guidance covers tokenised assets, stablecoins, reporting obligations of branches and transitional treatment of novel crypto-asset transactions.

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TECHNICAL PUBLICATIONS

CFE Opinion Statement on Simplification of the EU Anti-Tax Avoidance Directive

CFE Tax Advisers Europe has issued an Opinion Statement ahead of the European Commission's anticipated 2026 review of the EU Anti-Tax Avoidance Directive. While reaffirming support for the objectives of the ATAD, the Statement stresses that the Directive's current structure has become overly complex, fragmented, and difficult to apply consistently across Member States. Divergent national transpositions, especially in the application of the General Anti-Abuse Rule (GAAR), interest limitation rules and exit taxation provisions, have led to legal uncertainty and uneven taxpayer treatment.

The Statement calls for targeted simplification measures that preserve the Directive's integrity while improving clarity and proportionality. CFE recommends aligning ATAD rules more closely with other EU instruments, particularly the Directive on Administrative Cooperation, and ensuring that obligations are proportionate to risk and administrative capacity, especially for SMEs.

It also highlights the need for clearer guidance and improved legal drafting to reduce compliance burdens and enhance coherence across the EU corporate tax landscape. CFE will continue to engage with the Commission throughout the 2026 review process.

OECD Consultation on Global Mobility of Individuals: CFE & GTAP Submissions

CFE submitted an Opinion Statement to the OECD consultation on the tax implications of cross-border mobility, calling for clearer residence tie-breaker rules, proportionate compliance requirements for remote and short-term workers, and improved cross-jurisdictional coordination. The Statement highlights that many tax rules were not designed for modern working patterns and that inconsistent application across countries creates legal uncertainty and double taxation risks.

A joint submission from the Global Tax Advisers Platform drew attention to gaps between tax, social security and immigration frameworks, and calling for internationally aligned safe harbours and guidance on employer obligations. Both submissions encourage the OECD to develop coherent, administrable rules that support tax certainty for mobile individuals and their employers.

STAKEHOLDER CONSULTATIONS

Recast of the Directive on Administrative Cooperation (DAC)

The European Commission has opened a call for evidence and public consultation on recasting the DAC framework. The initiative proposes consolidating DAC1-DAC9 and introducing targeted reforms to reduce duplication, improve proportionality (notably in DAC6 and DAC7), and enhance data quality and IT interoperability. A legislative proposal is expected in Q2 2026.