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# CFE CONNECT

## POLICY ENGAGEMENT


📌 **AOTCA International Tax Conference in Kathmandu : 6 – 8 November**

CFE President, Piergiorgio Valente, attended the the AOTCA Conference held in Kathmandu this month, giving a keynote address on technology, tax governance and the Global South. At the conference, the 5th Global Tax Advisers Platform Declaration was also signed, highlighting commitments to taxpayer rights, sustainability and inclusive digital tax frameworks.

During his visit in Nepal, CFE President Piergiorgio Valente also led a seminar at Nepal's Inland Revenue Department on transfer pricing in emerging markets, part of CFE's knowledge-sharing efforts to strengthen developing country tax administration.

📌 **Tax & Technology Summit in Bucharest : 10 – 12 November**

CFE Director, Aleksandar Ivanovski, participated in the Romanian Chamber of Tax Consultants' Tax & Technology Summit held in Bucharest this month, taking part in a panel discussion with co-panellists Reinhard Biebel from the European Commission, Raluca Enache from KPMG and Veronica Sireteanu from AmCham on the DAC recast, Pillar One and Pillar Two, and the EU simplification agenda.


📌 **AML Standards Roundtable Workshop : 18 November**

CFE Director, Aleksandar Ivanovski, participated alongside representatives from other professional bodies in a workshop on AML technical standards with the Commission and AMLA, hosted by Accountancy Europe in Brussels. Discussions focused on ensuring proportionate, workable rules for non-financial professions under the new AMLA framework.

📌 **Channel Islands Ministerial Delegation Meeting – 20 November**

CFE Director, Aleksandar Ivanovski, met with Ministers from Jersey and Guernsey to discuss EU and international tax developments, including Pillar Two, DAC reform and the UN process. The meeting was part of the Channel Islands' ongoing Brussels engagement efforts.

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## TAX POLICY DEVELOPMENTS


### Key Global & EU Tax Developments

**📌 OECD Model Tax Convention Updated**

The OECD released the 2025 Update to the Model Tax Convention. Changes clarify the PE implications of remote work, address financial transactions and interest deductibility under Article 9, and introduce a new optional provision on taxing natural resource exploitation.

**📌 UN Tax Framework Negotiations in Nairobi**

The third session of the UN Tax Convention negotiations concluded in Nairobi. Progress was made on taxing rights allocation, dispute prevention and resolution, and TP data asymmetries. A draft version of the Convention is expected in early 2026.

**📌 EU Digital Rule Simplification Package**

The European Commission published the Digital Omnibus, Data Union Strategy, and Business Wallet proposals aimed at reducing regulatory fragmentation, clarifying GDPR concepts, and facilitating AI development and secure cross-border digital identification.

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**📌 G20 Leaders' Tax Commitments**

G20 Leaders emphasised progress on Pillar Two, fair tax competition, and resource mobilisation. The OECD's accompanying report details implementation of GloBE, BEPS standards, and new transparency tools including a real-estate exchange framework.

**📌 DAC Evaluation Report Published**

The Commission's review of DAC finds clear tax compliance benefits but growing legal complexity. It calls for simplification and consolidation, better data quality, harmonised penalties, and integration of DAC data into domestic tax systems.

**📌 OECD MAP Statistics Released**

The OECD's 2025 MAP report shows record-high case inventories, moderate improvement in resolution times, and 76% full resolution rates. TP cases still dominate, with delays and backlogs persisting in several jurisdictions.

**📌 CJEU Pillar Two Decision – Fugro**

The Court dismissed Fugro's challenge to the Pillar Two Directive for lack of standing. The judgment confirms that such legislation is a general measure not open to legal challenge if not directly individually concerned as per the meaning of Article 263(4) TFEU, leaving substantive questions for future litigation.

**📌 OECD Tax Administration 2025 Report**

The OECD report sets out that administrations see sustained increased in digitalisation, wider AI adoption, but declining audit yields. Nearly 70% of administrations use AI for fraud detection, with most jurisdictions now offering pre-filled returns and electronic services for all major taxes.

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## TECHNICAL PUBLICATIONS

### 📝 CFE Opinion Statement on CJEU Ruling in Banca Mediolanum

In November, CFE Tax Advisers Europe's ECJ TaskForce finalised a Statement on the CJEU's judgment in *Banca Mediolanum* (Joined Cases C-92/24 to C-94/24). The ruling clarifies that the exemption for inbound dividends under Article 4(1)(a) of the EU Parent-Subsidiary Directive (PSD) applies not only to corporate taxes, but also to non-corporate taxes, such as Italy's regional production tax (IRAP), when such dividends are included in the tax base.

The Court found that a Member State may not tax more than 5% of qualified cross-border dividends, regardless of the nature of the tax, if it has opted for the exemption method. This outcome departs from the narrower interpretation proposed by AG Kokott, and confirms that the material scope of the PSD covers any tax that captures exempt dividends in its assessment base. CFE welcomes the Court's decision as a clear affirmation of the PSD's broad scope and harmonising effect, with important implications for national tax systems applying multiple levies.

It clarifies that Member States applying the exemption system must ensure the combined tax burden across all relevant corporate & non-corporate taxes does not exceed the 5% ceiling in Article 4(3) of PSD.

The Statement draws attention to unresolved interpretative questions around Article 4(3) PSD, particularly whether Member States may both disallow actual expenses and apply a 5% lump-sum exclusion. The Statement notes that these issues may require further clarification to prevent inconsistent implementation, and highlight's the judgment's importance for tax systems applying multiple levies.

## STAKEHOLDER CONSULTATIONS

### 📌 Digital Fitness Check Consultation Opens

The European Commission has launched a Digital Fitness Check to assess the coherence, effectiveness, and cumulative impacts of the EU's digital rulebook. The review covers over 50 legislative acts in areas including data, cybersecurity, AI, consumer protection, digital services, and telecoms. Stakeholders are invited to provide feedback until 31 March 2026, with particular focus on regulatory overlap, administrative burdens and potential for streamlining. The consultation is part of the broader digital simplification strategy, alongside the Digital Omnibus, Data Union, and Business Wallet proposals.

### 📌 OECD Webinar on 2025 Model Tax Convention Update

The OECD will host a webinar on 10 December 2025, from 16:00–17:00 CET, to present the 2025 Update to the Model Tax Convention. The session will feature Manal Corwin and members of the OECD Tax Treaty Team. The update introduces new commentary on cross-border remote work, financial transactions, interest deductibility, and natural resource taxation.