



BRUSSELS | JULY 2019

## 1. New EU Parliament, Council and Commission Presidents Elected

In July, the European Council approved the nomination of former Belgian Prime Minister Charles Michel to the role of [European Council President](#). Italian MEP David Sassoli was elected [President of the European Parliament](#).

The European Parliament also voted to appoint former German Defence Minister Ursula von der Leyen to the role of [European Commission President](#). Ms von der Leyen will serve as the first female European Commission President. Ms von der Leyen narrowly won the vote, in which she required a majority of 374 votes to succeed, with 383 votes in favour, 327 votes against, and 22 abstentions.

As concerns tax priorities, in a publication outlining the [agenda for her EU Commission Presidency](#) Ms von der Leyen has committed to introducing a carbon border tax and to achieve fair taxation of “big tech companies” as a “priority” by working “*hard to ensure the proposals [for an EU digital tax] currently on the table are turned into law*” on the basis that “*by the end of 2020 [if] there is still no global solution for a fair digital tax, the EU should act alone.*” Ms von der Leyen has also vowed to progress a European common consolidated corporate tax base.

## 2. G7 Finance Ministers Reaffirm Commitment to Fair International Taxation

In the [Chair's Summary](#) document published following a meeting of the G7 Finance Ministers and Central Bank Governors in Chantilly on 17 and 18 July 2019, the G7 reaffirmed its commitment to “*accelerating the work to tackle new challenges, including most importantly making the international tax system fairer, addressing the competition challenges that are raised by the digitalization of the economy, and advancing the agenda on climate and green finance*”.

The document noted in particular the urgency surrounding issues “*to address the tax challenges raised by the digitalization of the economy and the shortcomings of the current transfer pricing system.*” The Ministers reconfirmed their commitment to a “*two-pillar solution to be adopted by 2020 through the work programme endorsed by the G20*”.

*Leaders.” As concerns the means of determining what would amount to fair taxation of digital business, the document noted this “could be determined by reference to criteria reflecting the level of businesses’ active participation in a customers’ or users’ jurisdiction, such as valuable intangibles or employment of a highly digitalized model.”*

The ministers also confirmed that a minimum level of taxation under the second pillar was desirable and would assist in ensuring fair taxation of companies, and that robust dispute resolution should be an integral part of the agreed solution.

The outline of a globally agreed solution is expected by January 2020 from the Inclusive Framework on BEPS.

### 3. UN Tax Treaty Negotiation Manual Updated

The United Nations has published an updated version of the [Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries](#). The manual was updated during the 15th Session of the UN Committee of Experts on International Cooperation in Tax Matters, which was held in October 2017 in Geneva, to take into account changes made to the UN Model Convention and developments in the OECD BEPS project.

A revised draft version of the manual was presented in October 2018, and adopted by the Committee in New York in April 2019. The experts in attendance at that meeting included representatives of CFE Tax Advisers Europe, who also discussed the report of the subcommittee on updating the United Nations Model Double Taxation Convention, including: taxation of royalties; taxation of collective investment vehicles; tax and the Sustainable Development Goals; environmental tax issues and lastly, the tax consequences of the digitalising economy, with particular focus on issues of relevance for developing countries.

### 4. OECD Invites Input on Mutual Assistance Procedures

The OECD has invited public input on the 9th batch of [taxpayer questionnaires](#) for Stage One Peer Reviews in the jurisdictions of Andorra, Anguilla, Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Faroe Islands, Macau (China), Morocco and Tunisia.

The questionnaires are being undertaken as part of the peer review process under Action 14 of the BEPS Action Plan concerning taxation dispute resolution and the Mutual Agreement Procedure (MAP), aimed at making dispute resolution mechanisms more effective.

In particular, taxpayers are requested to provide input on issues concerning access to MAP, the clarity of MAP guidance and implementation of MAP agreements concerning the jurisdictions. Taxpayers and business and industry associations are requested to complete the questionnaire by 12 August 2019.

## 5. Save the Date: 12th European Conference on Tax Advisers' Professional Affairs

Save the date for the [12th European Conference on Tax Advisers' Professional Affairs](#), to be held in Paris on Friday, 29 November 2019, on the topic of "Tax Transparency Trends: Are Tax Advisers Ready for the New EU Anti-Money Laundering Rules?"

The conference will examine the impact of existing EU anti-money laundering rules and the new requirements of the 5th AML Directive, including making beneficial owners of legal entities registers public, providing increased access to information on the beneficial ownership of trusts and the expansion of AML rules to entities which store, hold or transfer virtual currencies. Speakers will also discuss enhanced cooperation and exchanges of information provided for between the EU and Member States under the 5th AML Directive. In addition, panellists will discuss compliance with and implementation of the measures in practice and the information available to supervisory bodies to facilitate their obligations under the Directive. More details about the programme and line-up of speakers will be available in due course.

[Register now](#) to benefit from early-bird registration prices and to secure your spot!

## 6. New Signatories to the OECD MLI

Gibraltar, Bosnia and Herzegovina and Eswatini have become the 130<sup>th</sup>, 131<sup>st</sup> and 132<sup>nd</sup> jurisdictions to join the [OECD's BEPS Inclusive Framework](#). Members of the Inclusive Framework have the opportunity to work together on an equal footing with other OECD and G20 countries on implementing the BEPS package consistently and on developing further standards to address remaining BEPS issues.

There are now a total of 132 jurisdictions that are participating in the project.

## 7. EU Trade Negotiations with Australia, New Zealand, Indonesia, Chile and China

In July the European Commission published [updated information](#) concerning the status of trade negotiations with Australia, New Zealand, Indonesia, Chile and China, in line with EU transparency standards.

The updates concern recent negotiations that took place with the countries in the past months, with negotiations taking place between Indonesia and the EU from 17 to 21 June, with Australia from 1 to 5 July, with New Zealand from 8 to 7 July and with Chile between 14 to 19 July.

The Commission has also made available text proposals discussed at the recent discussions with Australia and New Zealand.

## 8. OECD Releases Progress Report on Preferential Tax Regimes

On 23 July, the OECD released a [progress report](#) approved by the Inclusive Framework on BEPS, as part of implementation of Action 5 of the OECD/G20 Base Erosion and Profit Shifting Project, concerning assessments undertaken by the Forum on Harmful Tax Practices (FHTP) of 56 preferential tax regimes.

From the regimes:

- 13 regimes were abolished in Cabo Verde, Malaysia, Mongolia, Montserrat, Morocco, Switzerland and Thailand.
- One regime in Jordan was found to be actually harmful.
- Four regimes were specifically designed to meet the BEPS Action 5 standard and therefore classified as “not harmful” from the jurisdictions of Malta, Poland and Thailand.
- Three regimes from Cabo Verde, Malaysia and Mauritius have been amended to remove harmful features,
- Four regimes are in the process of being amended from jurisdictions of Aruba, Greece and Kazakhstan.
- Two regimes from Aruba and Vietnam were found potentially but not actually harmful,
- A regime from Paraguay was found to be not operational.

The eight remaining regimes from Cabo Verde, Nigeria, Paraguay and Viet Nam were out of scope, not yet operational, already abolished or did not feature harmful features. A further 21 regimes from Cook Islands, Dominica, Dominican Republic, Jamaica, Morocco, North Macedonia and Qatar have now been placed into the FHTP review process.

The Forum on Harmful Tax Practices has reviewed 287 regimes since the commencement of the BEPS Project. The Forum next meets in December 2019 to continue its review of the regimes and in 2020 will begin reviewing the implementation of recommendations.

## 9. Asian & Pacific Countries See Increase in Tax Revenues

In July, the OECD published the [Revenue Statistics in Asian and Pacific Economies 2019](#) report, the 6<sup>th</sup> edition of the publication to date, compiling comparable tax statistics for countries in the region. Statistics for the jurisdictions of Australia, Cook Islands, Fiji, Indonesia, Japan, Kazakhstan, Korea, Malaysia, New Zealand, Papua New Guinea, Philippines, Samoa, Singapore, Solomon Islands, Thailand, Tokelau and Vanuatu are analysed in the publication.

Notably, despite the fact that the percentage of tax revenue income measured as against GDP ranged from 11.5% to 32% throughout the jurisdictions, nine of the countries saw an increase in revenue from the previous year. The largest increases were observed in Fiji and Vanuatu.

From the revenue, taxes on goods and services made up the largest share of the revenue in nine of the 17 countries, with income tax making up the highest portion of revenue income in the remaining countries. Revenue collected from VAT was noted to be increasing in the majority of jurisdictions.

The information and data collected for this report feeds into the OECD's [Global Revenue Statistics Database](#), which is the largest source of comparable tax revenue data.

## 10. Inaugural GTAP Conference – 3 October 2019: Programme & Registration

The Global Tax Advisers Platform has now published the [programme](#) for its inaugural conference taking place on 3 October 2019 in Torino on the topic of “*Tax & The Future*”. GTAP was formed in 2014 by CFE, AOTCA and WAUTI as a global response of tax advisers to international tax initiatives, with the aim of forging closer links among tax advisers throughout the world. The platform provides the proper framework for a more dynamic, more inclusive cooperation among tax advisers, on the basis of enhanced dialogue, more effective collaboration and openness.

The GTAP conference will examine issues that are of interest to all tax advisers in a borderless, increasingly globalising and automated society, driven by new technologies. To that end, four panels of expert speakers will consider the evolution and future of the topics of global tax policy, corporate income tax and VAT, the global tax profession and business models and tax sustainability.

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