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## OECD Issues Guidance on Cross-Border Tax Issues Raised by COVID-19

The OECD has published [guidance](#) analysing tax treaty implications concerning certain tax issues raised by circumstances surrounding the COVID-19 outbreak.

The guidance examines issues such as potential creation of a permanent establishment or change in the place of effective management on the basis of a cross-border employee carrying out duties remotely, as well as other issues concerning cross-border workers and changes in the residence status of workers.

Pascal Saint-Amans, in a [blogpost](#) concerning the guidance stated *“The exceptional circumstances of the COVID-19 crisis call for an exceptional level of coordination and co-operation between countries, notably on tax issues, to mitigate the potentially significant compliance and administrative costs for employees and employers. The OECD encourages countries to work together to alleviate the unplanned tax implications and potential new burdens arising due to effects of the COVID-19 crisis.”*

The OECD is examining other issues raised by tax measures concerning cross-border workers, and will continue to update the blog and website with information and guidance.



## Luxembourg to Limit Deductibility of Interest & Royalties for EU Blacklisted Jurisdictions

The Luxembourg government has approved draft legislation which, if passed, will limit the deductibility under Luxembourg corporate income tax rules of interest and royalties owed of companies registered in jurisdictions which are on the EU [List of Non-Cooperative Jurisdictions for Tax Purposes](#).

This follows from the Council of EU report approved in December 2019, which detailed coordinated actions for Member States to take of a legislative nature to encourage compliance with the Code of Conduct screening criteria, as well as other international standards. The report recommended Member States apply at least one of the measures, which included non-deductibility of costs, CFC rules, withholding tax measures and denial of participation exemption on profit distribution.

The draft legislation will now proceed through the regular legislative process. The legislation will apply as from 1 January 2021.



## Platform for the Collaboration on Tax Create Website to Assist Developing Countries Strengthen Tax Systems

The Platform for Collaboration on Tax, a joint initiative of the International Monetary Fund, the Organisation for Economic Co-operation & Development, the United Nations and the World Bank Group, have now [launched a website](#) which aims to disseminate information to assist developing countries to strengthen tax systems and mobilise domestic revenue.

The website contains toolkits, guidance, reports, relevant tax news as well as an extensive database concerning resource mobilisation activities and projects of partners of the Platform for Collaboration on Tax.

The website aims to assist with achieving the Sustainable Development Goals by 2030 and the Addis Ababa Action Agenda.



## EU Commission Temporarily Waives VAT & Custom Duties on Medical Equipment Imports

The EU Commission has [approved](#) a 6-month waiver of all customs duties and VAT due on the import of medical equipment. The measure will cover protective equipment such as masks, gloves and gowns, as well as testing kits, ventilators and other medical equipment.

Commissioner for the Economy, Paolo Gentiloni, stated: *"In this emergency it is vital that medical equipment and devices get quickly to where they are needed. By waiving customs and VAT duties on imports of these products from outside the EU, the European Commission will help make those products more accessible. I want to express again my deep respect and gratitude to health workers across Europe. Today's measure should help them receive the equipment they need to protect themselves and continue saving lives."*

The decision was taken after all Member States submitted requests to waive the VAT and import duties, at the invitation of the EU Commission to do so. The measure will initially apply for 6 months, with the possibility of being extended.



## Forum on Tax Administration Publishes Global Reference Document on COVID-19 Tax Measures

A [global reference document](#) setting out the measures taken by tax administrations worldwide has been created by the Forum on Tax Administration, containing detail of all taxation and financial measures taken by governments around the world in response to the COVID-19 outbreak.

The document will be updated on a regular basis and has been created in order to assist tax administrations in developing their own national tax measures responding to the COVID-19 crisis.

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