

CFE's Tax Top 5

KEY TAX NEWS OF THE WEEK

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EU Prolongs State Aid Framework

The European Commission has [prolonged](#) the application of State Aid rules which were set to expire at the end of 2020, in order to minimise the economic impact of the COVID-19 outbreak on companies. Many of the rules have been prolonged by one year, in order for the Commission to carry out fitness checks and evaluate how the State Aid Rules can best be adapted to fit with the priorities set in the European Green Deal and European Industrial Strategy.

After consulting with Member States and in order to counter adverse effects of the corona virus crisis, the Commission has also made further changes to the rules being prolonged and to the State Aid framework for research and development to *“allow companies which entered into difficulties as a result of the coronavirus outbreak, and which would not, under existing rules, be able to receive certain types of aid, to remain eligible to receive aid.. for a set period of time during and after the crisis”* and has also *“introduced certain targeted changes to the existing rules to ensure that job losses that a company may incur due to the coronavirus outbreak would not be considered as a relocation and hence a breach of the commitments previously undertaken.”*

Full details concerning the measures can be found [here](#).



UK Publishes DAC6 Guidance

The UK's HM Revenue & Customs has published [guidance](#) concerning the Directive as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements, commonly referred to as “DAC6”.

Members States had until 31 December 2019 to implement the Directive into domestic legislation. Given that all arrangements initiated after 25 June 2018 that fall within the scope of the Directive are reportable, there have been increased calls for the Commission to issue technical guidance to provide more clarity for tax advisers in the course of transposition of the directive. In late 2019, CFE, together with the European Contact Group (ECG) and the European Group of International Accounting Networks and Associations (EGIAN), sent a joint letter to the European Commission and members of Working Party IV encouraging the Commission and the Member States to continue their efforts to provide more guidance and clarification in the process of implementing DAC6.

CFE will conduct a survey concerning the implementation and practical reporting requirements of implementing legislation in 2020.



OECD Publishes Model Rules for Reporting by Platform Operators

The OECD has published [Model Rules](#) for Reporting by Platform Operators with respect to Sellers in the Sharing and Gig Economy.

The Rules were developed as part of a wider OECD strategy to address tax challenges surrounding the digital economy, with the objective of tax administrations worldwide adopting a uniform set of rules concerning the reporting requirements for transactions and income of platform sellers. The Model Rules were developed to increase transparency and minimise compliance burdens for tax administrations and taxpayers, in properly recording and taxing activities carried out on digital platforms which may have been previously carried out via the informal cash economy.

Pascal Saint-Amans, Director of the OECD Centre for Tax Policy and Administration, stated *"The approval of the MRDP by the [G20/OECD Inclusive Framework on BEPS](#) proves that multilateral solutions to address tax challenges in the digital economy are possible and that they are to the benefit of tax administrations, taxpayers and businesses alike"*.

The OECD will now progress the international legal framework to facilitate the automatic exchange of the information collected under the Model Rules.



EU Commission July Infringement Package

The European Commission has published its [July infringement package](#) setting out the legal action being pursued against various Member States by the Commission for noncompliance with obligations under EU law.

Following on from its Anti-Money Laundering Action Plan published in May, the Commission has [identified](#) Member States who have yet to fully implement the 4th and 5th Anti-Money Laundering Directives (AML). Belgium, Austria and the Netherlands were referred to the Court of Justice for failing to implement the 4th AML Directive. Letters of formal notice were sent to Luxembourg, Slovakia and Slovenia for failing to properly implement the 4th AML. The countries will have two months to notify the Commission that the Directive has been implemented, or will thereafter be issued with reasoned opinions. Czechia, Denmark and Italy were issued with reasoned opinions for failing to fully implement the 4th AML Directive. If they have not responded within three months, the Commission will refer them to the Court of Justice.

Bulgaria, Ireland and France were also issued with letters of formal notice for failing to connect their national business registers to the EU business registers tool. The countries have two months to respond, before being issued with a reasoned decision.

The Commission has also issued Belgium with a letter of formal notice for failing to correctly transpose the Anti-Tax Avoidance Directive, in relation to interest limitation rules and double taxation arising from CFC rules. Belgium has three months to respond, or will otherwise be issued with a reasoned opinion.



Platform for Collaboration on Tax Invite Input on Draft Tax Treaty Negotiation Toolkit

The Platform for Collaboration on Tax, a joint initiative of the IMF, OECD, UN and World Bank Group, has issued a [draft toolkit](#) on tax treaty negotiations for developing countries in order to further capacity-building support. Input on the toolkit can be submitted until 10 September 2020.

The Toolkit builds on the UN's Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries and built specifically on the guidance on conducting tax treaty negotiations. The Toolkit seeks input in particular concerning whether all relevant technical and practical considerations and capacity building skills for developing countries in treaty negotiations have been covered by the draft Toolkit, and input on any resources and tools that should be included in the toolkit.

Input can be submitted until 10 September 2020 via e-mail at taxcollaborationplatform@worldbank.org.



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