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European Commission Publishes Progress Report on Pillar 1

The European Commission has published a [progress report](#) directed to the EU Council concerning Pillar 1, setting out an assessment of the implementation of Pillar One of the October 2021 statement as required by Article 57 of the Pillar Two Directive.

The Commission in the report welcomes the progress made to date and urges all participants to make a final effort to reach an agreement on the MLC to implement Pillar One. The Commission observes that the OECD Secretariat aims to finalise the technical work on Amount A by 10-12 July 2023 and present the package of the MLC and the Explanatory Statement, with the signing ceremony of the MLC expected to take place at the end of 2023. The report also details that the OECD Secretariat plans to have a preliminary agreement in July on the main components of Amount B subjected to a validation phase to be undertaken by the end of 2023.

The Commission confirms in the statement it will do its utmost to ensure a timely and consistent implementation of Pillar One at EU level.

EU Consultation on Carbon Border Adjustment Mechanism Reporting Obligations

The European Commission [consultation](#) on reporting obligations concerning the Carbon Border Adjustment Mechanism is open for public input until 11 July 2023.

The consultation concerns:

The rules governing the implementation of the Carbon Border Adjustment Mechanism (CBAM) during its transitional phase, which starts on 1 October of this year and runs until the end of 2025. The draft Implementing Regulation on which feedback is sought details the reporting obligations and information sought from EU importers of CBAM goods, as well as the provisional methodology for calculating embedded emissions released during the production process of CBAM goods.

In the CBAM's transitional phase, traders will only have to report on the emissions embedded in their imports subject to the mechanism without paying any financial adjustment. This will give time for businesses to prepare and will provide the necessary information to fine-tune the definitive methodology by 2026

The draft Implementing Regulation provides for some flexibility when it comes to the values used to calculate embedded emissions on imports. During the first year of implementation, companies will have the choice of reporting in three ways: (a) full reporting according to the new methodology (EU method); (b) reporting based on equivalent third country national systems; and (c) reporting based on reference values. As of 1 January 2025, only the EU method will be accepted.

This gradual approach will give producers time to adapt in a predictable manner. The Commission is also developing dedicated IT tools to help importers perform and report these calculations, as well as in-depth guidance, training materials and tutorials to support businesses when the transitional mechanism begins. While importers will be asked to collect fourth quarter data as of 1 October 2023, their first report will only have to be submitted by the end of January 2024.

Input is sought concerning the specific implementing rules contained in the draft legislation and can be provided via the [Have your Say](#) website until 11 July

2023. The legislation will be formally adopted by the Commission later this summer after a vote in the CBAM Committee, composed of representatives from EU Member States.

EESC Hearing: Possible Solutions to Taxation of Cross-Border Teleworkers - 4 July 2023

The European Economic and Social Committee will hold a public [hearing](#) on possible solutions to taxation of cross-border teleworkers on 4 July 2023.

The rise of cross-border teleworking poses challenges to the taxation systems around the world. The increased ability for an employee to telework from another country raises tax issues that affect both employees and employers. The main ones are related to Permanent Establishment of the company and the taxation of the employee in several jurisdictions. The EESC believes that it is urgent to develop taxation rules conducive to the demands of the labour market of today. Tax obstacles to cross-border teleworking should be addressed globally. Regional solutions are already being developed. For the EU, with its Single Market, it is important to find a solution.

In order to feed into the policy debate and to bring together the views of stakeholders and experts from the OECD, the UN Tax Committee and the European Commission, the EESC is organising a public hearing entitled "*Taxation of cross-border teleworkers – possible solutions*" to be held on Tuesday, 4 July 2023, 09.00-13.00 in Tallinn, Estonia. The hearing will also serve to assess the situation in order for the EESC to prepare recommendations for European legislators. Immediate Past-President of CFE, and Chairman of the Global Tax Advisers Platform, Mr Piergiorgio Valente, will participate in the hearing as a speaker.

Participants can attend in person in Tallinn or follow via webstream, in English only. Registration is possible via this [link](#).

OECD Launches New BEPS Multilateral Convention Matching Database

The OECD has launched an updated version of the [BEPS MLI Matching Database](#). The database assists tax authorities and other interested parties in relation to how the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the "BEPS MLI") MLI will apply and modify a specific tax treaty.

The updated database *"includes significant improvements that will enhance user experience and provide additional features to support the implementation and application of the BEPS MLI. One of the key updates is the inclusion of historical data, which allows users to view the application of the BEPS MLI at specific points in time. The upgrade also offers a more intuitive interface that makes it easier for users to search for and access information."*

The database was first published in 2017 and presents detailed up-to-date information on the application of the BEPS MLI to tax treaties. In particular, the database presents the "matching results" under the BEPS MLI in respect of each covered tax treaty. The text of the BEPS MLI, the explanatory statement, background information, positions of each Signatory and Party, and the updated database are available at <http://oe.cd/mli>.

"A Gender Equal Tax System in Europe: Reflections for a New Agenda" - 4 July 2023, EU Parliament, Brussels

Register now for via the [European Parliament InfoHub website](#) for the 4 July 2023 event (panel discussion) on the topic of *"European Values: A Gender Equal Tax System in Europe: Reflections for a New Agenda"*. The event is organised by CFE Tax Advisers Europe, the ICAEW Women in EU Finance Network and PwC, kindly supported by the European Parliament.

A number of panelists from the OECD and the EU have been confirmed, with key-note speeches from OECD's newly appointed Deputy Secretary-General Fabrizia Lapecorella and Member of Parliament Kira Marie Peter Hansen MEP; Michelle Harding from the OECD CTP; Ana Xavier and Helena Malikova from the European Commission, a representative of the European Parliament regarding the EU 2024 elections campaign, as well as colleagues from practice and the organising bodies.

Gender equality in fiscal affairs is a matter of fairness, well-being and growth. While the EU has taken steps to include a gender perspective in all stages of policy design significant challenges remain – including when it comes to tax. The structure and administration of tax systems often still have different impacts on gender. As the EU starts to look ahead towards a new legislative term, what would it take to establish a truly inclusive tax system by 2030? What needs to be done to ensure that future changes to tax systems help drive gender equality as well as responding to Europe's green, digital and growth ambitions? Speakers will offer views and reflections on a pathway towards a more gender equal tax system by 2030, and address questions such as: what are the key features of tax system designed to help reduce gender inequality and what is lacking today; what do policymakers and tax administrations need to do to in the next EU legislative period to build a tax system that is gender equal, green, digital and competitive; and, what lessons can be learnt from international best practice.

The selection of the remitted material has been prepared by:
Aleksandar Ivanovski & Brodie McIntosh