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Germany: EU Must Form a Fiscal Union

The EU must work towards forming a fiscal union, in addition to the monetary one, in order to better deal with the consequences of the health crisis and the post-virus economic recovery, Germany's Federal Finance Minister and Chair of the ECOFIN, Olaf Scholz said at a session of the European Parliament's Economic Affairs Committee (ECON) on 2 September. An international agreement on minimum taxation to prevent further tax arbitrage is a high priority for the EU presidency, as is the taxation of the digital economy and Financial Transactions Tax (FTT), with FTT requiring further work. Regarding CCCTB, Mr Scholz reminded the Committee members that France and Germany have made their own proposals, and what is at stake concerning the non-implementation of CCCTB proposals is the competitiveness of the Single Market.

"The crisis has made it very clear that the EU needs to react quickly so we can properly finance the post-virus recovery. We face a lot of challenges related to the taxation of the large MNEs who are very successful and operate in the Single Market but are paying a very low tax rate, even though they are making so much money.", Mr Scholz who currently holds the EU presidency told the European Parliament. "I am pleased that the OECD negotiations are going well, but minimum taxation is urgent and remains a high priority for Germany's EU presidency.", it was stated.

Mr Scholz praised the solidarity of the European nations on their response to the Covid-19 health and economic crisis, highlighting the urgent need to tackle the

recession that European economy would experience in the second half of the year. The economic recovery and the public health outcomes depend on the evolution of the virus and ability of the EU nations to work closer together. Further focus of the Germany presidency will be the multinational financial package and the recovery package, aiming to provide the economic and digital transition towards a more sustainable and inclusive growth in the post-Covid era.

Save the Date: State of the Union Address of President von der Leyen

Ursula von der Leyen, the President of the European Commission will deliver her first [State of the Union](#) (SOTEU) address to the EU Parliament on 16 September. Mrs von der Leyen's SOTEU address will be followed by a plenary debate in the European Parliament. SOTEU is an annual address of Commission's chief taking stock of the EU projects and setting out EU's policy priorities for the coming year.

It is expected that Mrs von der Leyen will reiterate many of the policy ambitions set out in the beginning of her mandate, in addition to the post-virus recovery priorities and the multi-annual financial framework. "The Commission remains fully determined to deliver on its flagship initiatives, the European Green Deal and the Digital Strategy, as they are key to relaunching the European economy and building a more resilient, sustainable, fair and prosperous Europe. Europe must lead the transition to a healthy planet and a new digital world. But it can only do so by bringing people together and upgrading our unique social market economy to fit today's new ambitions. This means making the most of all of our strengths and potential, and focusing on equality and creating chances for all, whether for women or men, whether from East, West, South or North, whether young or old. Europe will continue to strive for more at home in order to lead in the world.", Mrs von der Leyen is expected to say next week.

As stated in official communication from the European Parliament, the SOTEU address is a key element of the democratic process in the EU as it helps Member of the EU Parliament to hold the Commission accountable on behalf of the voters

who elected them. It can be an opportunity for people to discuss the plans of the European Commission and voice their opinions. The European Parliament is organising events all over Europe to encourage people to follow it and engage, via the local [European Parliament liaison office](#).

UK Set to Abandon Level-Playing Field Commitments

The UK government has indicated that legislative plans are put in place to eliminate the legal force of the commitments undertaken with the Withdrawal Agreement, abandoning key agreement reached last year on State aid and trade of goods with Northern Ireland. According to the [Financial Times](#), the UK Government will publish this week the Internal Market Bill, which seeks to abolish these key commitments and will legally take precedence over parts of the Withdrawal Agreement. The [White Paper](#) on the Internal Market, published in July, has already caused some tension in the UK, with the Scottish and Welsh leaders [accusing](#) Westminster of "destabilising the constitutional settlement between the four constituent nations".

EU diplomats speaking with Politico have already expressed their discontent, saying that the UK risks its reputation by undermining international agreements signed by the UK Government: "*Pacta sunt servanda*" meaning 'agreements must be kept' is a fundamental principle in international law. Who would want to agree trade deals with a country that doesn't implement international treaties?", an unnamed diplomat was quoted in today's Brussels Playbook.

Prime Minister Boris Johnson said that an agreement with "our European friends should be reached by 15 October . If we can't agree by then, then I do not see that there will be a free trade agreement between us, and we should both accept that and move on," Mr Johnson said. The EU-UK trade negotiations are due to resume tomorrow in London.

EU Consultation on Foreign Subsidies

The European Commission has an open public consultation on foreign subsidies, seeking feedback on the [White Paper](#) on levelling the playing field as concerns foreign subsidies. The White Paper sets out the preliminary orientations for legal instruments to address the regulatory gap in relation to: foreign subsidies distorting the Single Market regarding to the general market operation of economic operators active in the EU, acquisitions of EU undertakings, public procurement procedures, and foreign subsidies in the context of access to EU funding.

The consultation can be accessed via the EU [Have Your Say portal](#) and is open until 23 September.

Save the Date: CFE Professional Affairs Webinar Conference on Taxpayers Rights

Save the date for the 13th European Webinar Conference on Tax Advisers' Professional Affairs, to be held virtually on Friday, 20 November 2020, on the topic of "Taxpayer Rights and Legal Certainty in the Digital Era".

The webinar conference will welcome tax experts and academics who will examine global developments in the protection of taxpayers' rights and the impact and implications of technology on taxpayers' rights. The conference will also review the recently published IBFD [2019 Yearbook on Taxpayers' Rights](#), the most recent compilation of information by the Observatory on the Protection of Taxpayers' Rights.

More details about the programme, line-up of speakers and registration will be available in due course.

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