BRUSSELS I 9 SEPTEMBER 2019

Von der Leyen to Present the New EU Commissioners

The elected President of the European Commission Ursula von der Leyen will present the composition of the new College of Commissioners on Tuesday, Ms von der Leyen announced on Twitter. Reportedly all but one EU Member state (United Kingdom) have submitted personal proposals for the new Commissioners. Per EU treaties, each Member state designates an EU Commissioner, who is then subject to approval of the European Parliament. The European Commission is a vital body of the European Union, with competences and composition comparable to those of a cabinet government. The Commission is responsible for legislative and policy initiative, holds executive powers and is overseeing and enforcing the European laws in areas of competence. The new Commission and the new president are expected to take over from Jean Claude-Juncker on 1 November.

Ms von der Leyen has made fair taxation a priority for her Commission, indicating that she will "stand for tax fairness – whether for bricks-and-mortar or digital businesses." Von der Leyen has also promised in her speech to the European Parliament to prioritise the taxation of digital tech companies by "ensuring that the proposals currently on the table are turned into law. If by the end of 2020 there is still no global solution for a fair digital tax, the EU should act alone.", von der Leyen stated. In her initial speech at the European Parliament back in July, von der Leyen said of the tech companies: *"If they are making profits by benefiting from our educational system, our skilled workers, our infrastructure and our social security, it is not acceptable that they make profits, but barely pay any taxes because they play our system. If they want to benefit, they have to share the burden."*

In addition to the fair taxation of the digital economy, the tax policy priorities of the new Commission President include progressing CCCTB, fighting tax fraud, use of the Pasarelle clauses of the Treaties by means of Qualified Majority Voting (QMV) in taxation, as well as climate-related tax policy initiatives, such as reform of the Emission Trading System and the Energy Taxation Directive.

VAT Gap Shrinks Further, EU Member States still Losing Over €137 Billion

The VAT gap decreased in 25 Member States of the EU and increased in three of them, indicating that individual performance varies significantly across jurisdictions. These are the results of the latest study on the VAT gap in the EU, according to which the EU Member States are still losing over €137 billion in potential revenue. The report highlights that the VAT gap share of the VAT total tax liability dropped to 11.2% in 2017 and is the lowest value in the analysed period of 2013-2017.

Commenting, the EU Taxation and Customs Union Commissioner Pierre Moscovici said of the report: "*Welcome news that the VAT Gap shrank further in 2017. But more meaningful progress demands a thorough reform of the VAT system to make it more fraud-proof. The European Commission proposals to introduce a definitive and business-friendly VAT system remain on the table!*", Mr Moscovici said on Twitter, inviting Member states to step up efforts on agreeing on the definitive VAT regime, as proposed by the European Commission back in 2017.

Tax Transparency: Progress Noted on Country-by-Country Reporting

The OECD has noted significant progress in the implementation of the minimum standard on Country-by-Country Reporting (CbC), providing tax administrations with an unprecedented level of information and transparency on activities of multinational companies (MNCs). Such conclusions are contained in the outcomes of the second phase of peer reviews of the BEPS Action 13 Country-by-Country reporting initiative, demonstrating strong progress in the efforts to improve the taxation of multinational companies worldwide. CbC reporting as a minimum standard of the BEPS project requires tax authorities to collect and share detailed information on MNCs operating within their jurisdiction, collection data on revenues, profits, taxes paid and accrued, as well as the capital, accumulated earnings, number of employees and tangible assets, broken down by jurisdiction.

OECD: More Action Required by Governments as Tax Reform Slows Down

The latest OECD report "Tax Policy Reforms: OECD and Selected Partner Economies", a publication which analyses the scope of tax reforms in all OECD countries, as well as in Argentina, Indonesia and South Africa, indicates that globally the pace of tax reform has slowed down, with fewer countries introducing comprehensive reform packages in 2019, relative to previous years.

Corporate tax rates cuts have continued in 2019, albeit to a lesser extent compared with the 2018 developments. The OECD notes that the most significant tax reforms have been introduced in the Netherlands, Lithuania (labour taxes), Australia (personal income taxes), Italy (corporate income tax) and Poland (personal and corporate income taxes).

The Director of the OECD Centre for Tax Policy and Administration, Pascal Saint-Amans, called for increased pace of the tax reform process, due to the multiplicity of the challenges that governments are faced with: "*At a time when countries are facing many significant challenges, such as weakening economic growth, ageing populations, income and wealth inequality, the changing nature of work and climate change, the appetite for growth-enhancing, structural tax reforms seems to be waning. In the face of these challenges, it is clear that bolder action is needed.*", Pascal Saint-Amans stated.

Global Tax Advisers' Cooperation: GTAP Conference – Torino, 3 October 2019

The Global Tax Advisers Platform (GTAP) inaugural conference will take place on 3 October 2019 in Torino on the topic "*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. More details of the event and programme are available here.

Register now to secure your spot at the conference!