

# CFE's Tax Top 5

## KEY TAX NEWS OF THE WEEK

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## OECD Seeks Comments on Pillar Two Minimum Taxation Global Anti-Base Erosion Proposal

The OECD on 8 November published a further [public consultation document](#) concerning Pillar Two of its two-pillar approach to addressing the taxation challenges of the digitalising economy, the so-called “Global Anti-Base Erosion Proposal”, or “GloBE” proposal, which seeks to address outstanding BEPS issues by introducing a global minimum tax and providing “*jurisdictions with a right to “tax back” where other jurisdictions have not exercised their primary taxing rights or the payment is otherwise subject to low levels of effective taxation*”. The approach would seek to apply an income inclusion rule and deduction denial in tandem to achieve the intended aim of global anti-base erosion.

The consultation document seeks input concerning specific technical issues of the design of the GloBE proposal under Pillar Two, in particular:

1. *the use of financial accounts as a starting point for determining the tax base;*
2. *the extent to which an MNE can combine income and taxes from different sources in determining the effective (blended) tax rate on such income; and*
3. *stakeholders’ experience with, and views on, carve-outs and thresholds that may be considered as part of the GloBE proposal.*

Interested parties will be able to submit comments up to 18:00 (CET) on 2 December 2019 by e-mail to [taxpublicconsultation@oecd.org](mailto:taxpublicconsultation@oecd.org) via Word format. Following the written consultation process, a public consultation meeting will be held on 9 December in Paris.



## ECOFIN Reaches Agreement on VAT-Related Directives

On Friday 8 November, EU finance ministers sitting at Council level (ECOFIN) reached agreement on a number of significant indirect tax files, concerning: transmission and exchange of [VAT-relevant payment data](#); amendment of the VAT system as regards the [special scheme for small enterprises](#) (SMEs); and the administrative burden for [trade in goods subject to excise duty](#).

The proposals as regards the exchange of VAT-relevant payment data, aimed at reducing VAT fraud, will introduce requirements for records to be kept by payment service providers concerning cross-border payments related to e-commerce. A central electronic system will

be established for storage of the information, which will also be accessed and processed by Member States' anti-fraud officials.

The proposals concerning the VAT special schemes for SMEs will revise existing VAT rules for SMEs, to address the fact that SMEs at present face disproportionate VAT compliance costs, which as a result distorts competition on both domestic and EU markets. The compromise text provides for qualifying businesses to be able to use the SME exemption across the EU, subject to annual turnover thresholds, namely a national threshold of €85,000 and an EU threshold of €100,000, coinciding with the European Commission proposals. Issues concerning the amounts of the thresholds appear to have been resolved in order for the proposals to be agreed.



## Council of the EU Updates List of Non-Cooperative Tax Jurisdictions

Following on from the recommendations of the Code of Conduct Group (Business Taxation) contained in a [Note to Council](#) setting out its evaluation of tax good governance standards by third countries, the ECOFIN Council on 8 November approved the changes recommended to the list of non-cooperative jurisdictions for tax purposes.

The Council accordingly [endorsed](#) the removal of Belize from the blacklist to the grey list, after establishing that it had implemented reforms to comply with EU tax good governance standards. It will be removed from the Annex II grey list in the future, subject to implementation of further changes concerning its foreign source income exemption regime. On the basis that North Macedonia has [fulfilled](#) the tax good governance criteria set out by the EU, the ECOFIN Council also [approved](#) the recommendation that it be removed entirely from the Annex II jurisdictions list.

Eight jurisdictions now remain on the EU blacklist: American Samoa, Fiji, Guam, Oman, Samoa, Trinidad and Tobago, the US Virgin Islands and Vanuatu.



## Reminder: CFE Conference on Anti-Money Laundering, Paris - 29 November 2019

There are limited places remaining for the CFE Tax Advisers Europe 12th European Conference on Tax Advisers' Professional Affairs, entitled "Making Anti-Money Laundering More Effective For Tax Advisers". This year, jointly organised by CFE and the Institut des Avocats Conseils Fiscaux (IACF), the conference will take place at the Maison de l'Artisanat in Paris, France, on Friday 29 November 2019 from 9:15 am to 4 pm.

Considering all the recent developments on the anti-money laundering front, we invited representatives of the OECD Tax & Crime Division to speak about the international approach against money laundering concerning tax evasion and tax crimes, alongside speakers from academia, practice and other international organisations. Tax practitioners from the Netherlands, France and the United Kingdom will shed light on the effect of anti-money laundering directives in practice. We expect that the speakers will examine the perceived risks posed by the tax profession in facilitating money laundering based on the EU Commission's Supranational Risk Assessments and will also discuss the compliance with

the new and existing EU Anti-Money Laundering Directives, as well as the efforts taken to address money laundering in the broader international context.

[Register now](#) to secure your place at the conference.



## International Tax Specialists Group Conference in Dubai, 6 – 7 November 2019

The 2019 [International Tax Specialist Group Conference](#) took place last week, from 6 to 7 November, in Dubai, at which renowned tax experts presented and discussed key tax issues that challenge tax advisers, tax academics and tax officials on a daily basis.

President of CFE Tax Advisers Europe, Professor Piergiorgio Valente, addressed attendees concerning taxpayer rights and morality, substance requirements in the EU and the future of taxation. CFE Vice-President, Gary Ashford, participated in a panel concerning the digital economy, examining bitcoin, blockchain and taxation of digital business on the internet. CFE Fiscal Committee Delegate Paul Kraan presented the latest developments in tax treaty issues and, in particular, investment protection.

Representatives and speakers from fellow founding institutions of the [Global Tax Advisers Platform](#), including David Russell QC and Thomas Lee from STEP, and Eune Maria Mata-Perez from AOTCA, were also in attendance, and presented at the conference.



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