



BRUSSELS | 13 SEPTEMBER 2021

ECOFIN Discuss International Tax Agreement

In a [press release](#) issued following the ECOFIN meeting which took place last week in Brdo, Slovenia, Executive Vice-President Dombrovskis confirmed that the OECD two-pillar agreement on international corporate taxation was a main topic of discussion during the meeting, stating that *"A large majority of EU countries have endorsed the agreement...This is a major turning point. We now have until October to finalise it – and we still hope to get the remaining three Member States on board."*

Speaking further on the topic of taxation, Mr Dombrovskis noted that work on the agenda for EU business taxation for the 21st century, first presented in May, was continuing to be put into effect. Mr Dombrovskis stated that *"For the longer term, we want a corporate tax system that enables fair and sustainable growth and investment, meets public financing needs and supports the green and digital transitions."*

EU finance and economy ministers also discussed the implementation of the EU Recovery and Resilience Facility, and the economic situation in the euro area, noting that all EU countries will return to 2019 GDP levels either this year or next, as well how to further manage the impact of COVID-19 throughout the euro zone.

OECD Paper on Cross-Border Withholding Tax Relief Procedures

The OECD has issued a [paper](#) containing best practice recommendations on coordinating administrative withholding tax procedures, noting the strain that has been placed on tax administrations and taxpayers in the wake of the COVID-19 outbreak to comply with normal administrative procedures. The paper contains an overview of the various cross-border withholding tax relief procedures and the features which create challenges for compliance.

The best practice recommendations include that grace periods be granted for tax residence certificates, that electronic documentation be accepted, that reliance be placed on account information which may be available from financial institutions and that any apostilisation requirements for documents be temporarily suspended.

EU Commission Issues State Aid Decisions for Italian Aviation Sector

The European Commission has now issued decisions concerning State aid granted by Italy in the aviation sector, determining that loans granted to Alitalia in 2017 in the order of 900 million Euro constituted illegal State aid and must be recovered from the company. However, in its second decision concerning the state-owned airline Italia Trasporto Aereo (ITA), the Commission found that capital injections for the amount of 1.35 billion Euro are in line with market conditions and do not amount to State aid.

The Commission held in its decision concerning Alitalia that the Italian government did not act in the role of private investor in terms of assessing the viability of the loan being repaid or in determining the conditions of the loan, and that no private investor would have granted the loan in the circumstances, thereby granting the company an unfair advantage over its

competitors.

Further details concerning the decisions can be found [here](#).

OECD Podcast on International Corporate Tax Agreement

The OECD have released a [podcast](#) concerning the international corporate tax agreement which was agreed in principle in July this year, based on a two-pillar solution which allows multinational companies to pay more tax in the countries where they operate as well as a global minimum tax rate. Pascal Saint-Amans is featured as a guest on the podcast which discusses the historic agreement in further detail.

The OECD estimates a total amount of USD 100 billion of profits per year will be reallocated to the market jurisdictions, under the rules agreed in Pillar One. The global minimum corporate income tax under Pillar Two set at 15% will generate USD 150 billion in additional global tax revenues annually. OECD also estimates additional revenue due to the stabilisation of the international tax system after years of uncertainty and patchwork of newly introduced rules concerning the digitalising economy.

GTAP 2021 Declaration Roundtable Discussion - 24 September

The Global Tax Advisers Platform (GTAP) Declaration 2021 identifies five key priorities in international taxation in the eyes of the organisation, and was approved earlier this year by representatives of its founding organisations, the West African Union of Tax Institutes (WAUTI), CFE Tax Advisers Europe (CFE) and the Asia Oceania Tax Consultants' Association (AOTCA).

On Friday 24 September from 11:00 to 12:00 CEST representatives of the CFE, AOTCA and WAUTI will present and discuss the main findings and the key

priorities contained in the 2021 Declaration during a virtual roundtable discussion event. To attend and participate in the discussion, please register for the free-of-charge event via this [link](#).

The selection of the remitted material has been prepared by:
Piergiorgio Valente/ Aleksandar Ivanovski/ Brodie McIntosh/ Filipa Correia