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ECOFIN Ministers to Discuss VAT Rates

Finance Ministers from the Economic and Financial Affairs Council at their [meeting](#) this week on 18 June will discuss VAT issues and economic recovery from the coronavirus crisis in Europe. In addition, Ministers will exchange views on financial services, fiscal sustainability, the European Semester 2021 and the state of play of the banking union. Ministers will also approve terms for the G20 finance ministers meeting which is scheduled to take place from 7 to 10 July 2021.

Significantly, Ministers will debate VAT rates that will form the modernised VAT rate regime of the EU. Discussions will also be held on the use of VAT exemptions for measures taken in the public interest at the EU level, such as the VAT treatment of goods and services distributed to Member States for emergency use by the Union, as presented by the Commission earlier this year.

In addition, Ministers will discuss the Recovery and Resilience Facility which is central to the EU's Next Generation EU recovery plan to address economic challenges posed by the coronavirus crisis, and the implementation of the fund's €672.5 billion in grants and loans available for public investment and reforms in the Member States.

EU Commission June Infringement Package

The European Commission has published its [infringement package](#) for June 2021 setting out the legal action being pursued against various Member States by the Commission for noncompliance with obligations under EU law.

The Commission has issued a letter of formal notice to Bulgaria requesting it abolish subsidies for subsidiaries subject to “alternative forms of taxation” as contained in its transposition of the Anti-Tax Avoidance Directive. Bulgaria has two months to respond to the issues raised by the Commission before a reasoned opinion is issued. Also relating to the Anti-Tax Avoidance Directive, Germany has been issued with a reasoned opinion for failure to communicate all required national measures fully implementing the exit tax rules of ATAD1 and for failure to communicate all required national measures as regards hybrid mismatches with third countries of ATAD2. In the absence of the measures being communicated, the Commission may refer the matter to the European Court of Justice.

Additionally, the Commission has sent a letter of formal notice to Sweden requesting it amend its rules limiting tax deductibility of interest paid to affiliated companies established in other EU/EEA States, due to the incompatibility of its national legislation with EU law, in line with the Court of Justice decision of [C-484/19 Lexel](#), which held that Swedish rules resulted to an unjustifiable restriction on the freedom of establishment. Sweden has two months to respond to the issues raised by the Commission before a reasoned opinion is issued.

The Commission has also sent reasoned opinions to Hungary, the Netherlands and Poland for failing to fully implement correctly into national law the 5th Anti-Money Laundering Directive. Member States were required to fully implement the Directive by 10 January 2020. The Member States have two months to ensure their national legislation is in line with the Directive, failing which the Commission may decide to refer the cases to the Court of Justice. The Commission has indicated in the press release concerning the infringement package that the firm enforcement of the AML rules will be a priority in ensuring the integrity of the EU financial system in the post-COVID era.

Platform for the Collaboration on Tax Workshop on the Role of Taxation in Achieving Gender Equality

The Platform for the Collaboration on Tax will be holding a [workshop](#) on 15 June on the role of taxation in achieving gender equality. Experts from PCT Partners (IMF, OECD, UN and World Bank), governments, think tanks, academia, and civil society will discuss how tax policy and tax and customs administrations can affect gender equality, especially in the context of the COVID-19 pandemic, explore advances in data collection and methodology and delve into the possibility of incorporating gender equality initiatives in tax reforms.

CFE and the Global Tax Advisers Platform (GTAP) strongly advocate for policy makers to integrate the gender element into tax policy, in particular by reference to the potential of increased tax morale. In a [statement of May 2019](#), we endorsed the UN- led projects that have recently promoted the awareness of gender mainstreaming in the field of public finance management through its gender responsive taxation and budgeting initiatives. By promoting gender-neutral distribution of resources and raising of revenues, governments contribute to more equitable societies and more opportunities for all. CFE and GTAP wholly endorse gender-responsive policies as a means for improving the perception of fairness and establishing fiscal equality among all citizens, regardless of gender.

EU Commission Adopts Implementing Regulation on VAT e-Commerce Trade

The EU Commission has now adopted an [Implementing Regulation for VAT e-Commerce trade](#), concerning the extension of the special scheme for supplies of goods facilitated by electronic interfaces to cover all distances sales of goods and services made to non-taxable persons.

The amendments to the implementing regulation lay down rules as regards the exchange of records held by taxable persons or their intermediaries and the designation of competent authorities responsible for coordinating administrative enquiries.

CFE Tax Academy Webinar on Cryptocurrency Developments & Digital Regulation - 17 June

The June 2021 webinar in the CFE Tax Academy Series will examine the topic of "Cryptocurrency & Digital Regulation Developments for Tax Advisers", examining notable developments in the cryptocurrency and e-assets sphere for tax advisers to be aware of, the Digital Transformation process in Europe and in Italy, as well as Sustainable Transition and how technology can be of help to it.

The webinar will take place on Thursday 17 June 2021 at 16:00 CEST. To find out more, and to register to attend the webinar, follow this [link](#).

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