

# CFE's Tax Top 5

## KEY TAX NEWS OF THE WEEK

BRUSSELS | 15 JULY 2019



## EU Council Approves 2019 European Semester Recommendations

The European Council has published its [recommendations](#) for Member States' economic and fiscal policies arising from the 2019 European Semester Reports policy monitoring process. The European Semester Reports were published in March, which set out the expectation that the European economy will continue to grow in 2020, with growth forecast for each Member State.

The Semester Reports noted that many Member States will continue to implement reforms to taxation systems, in particular to reduce taxation of labour. The Reports further note that in terms of tax planning, transposition of agreed initiatives by all Member States, such as the ATAD legislation, will help reduce tax avoidance, but that tax planning can be further curtailed by increasing the strength of national legislation, increasing administrative cooperation and transparency.

The Country-specific Semester Recommendations now published pursuing structural reform, strategies to increase investment and responsible fiscal policies based on the findings of the Semester Reports and bilateral meetings with Member States were approved by the Council on 9 July 2019.



## UK Publishes Digital Services Tax Policy Paper

The UK's revenue authority, HMRC, has [published](#) a policy paper concerning a digital services tax which will enter into force on 1 April 2020 in the UK. The tax will apply to businesses making available search engines, social media platforms or online marketplaces to UK users, including any associated online advertising of that business, with a global annual turnover over £500 million pounds and over £25 million pounds of turnover attributable to revenue derived from UK users. The tax will apply at a rate of 2% to revenue over £25 million pounds.

The UK tax will include a safe harbour provision providing for an alternative calculation to ensure business sustainability is not jeopardised where businesses have very low profit margins.

The policy paper notes that the UK government *"still believes the most sustainable long-term solution to the tax challenges arising from digitalisation is reform of the international corporate tax rules and strongly supports G7, G20 and OECD discussions on the different*

*proposals for reform. The government is committed to dis-applying the Digital Services Tax once an appropriate international solution is in place”.*



## UN Tax Treaty Negotiation Manual Updated

The United Nations has published an updated version of the [Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries](#). The manual was updated during the 15th Session of the UN Committee of Experts on International Cooperation in Tax Matters, which was held in October 2017 in Geneva, to take into account changes made to the UN Model Convention and developments in the OECD BEPS project.

A revised draft version of the manual was presented in October 2018, and adopted by the Committee in New York in April 2019. The experts in attendance at that meeting included representatives of CFE Tax Advisers Europe, who also discussed the report of the subcommittee on updating the United Nations Model Double Taxation Convention, including: taxation of royalties; taxation of collective investment vehicles; tax and the Sustainable Development Goals; environmental tax issues and lastly, the tax consequences of the digitalising economy, with particular focus on issues of relevance for developing countries.



## OECD Invites Input on Mutual Assistance Procedures

The OECD has invited public input on the 9th batch of [taxpayer questionnaires](#) for Stage One Peer Reviews in the jurisdictions of Andorra, Anguilla, Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Faroe Islands, Macau (China), Morocco and Tunisia.

The questionnaires are being undertaken as part of the peer review process under Action 14 of the BEPS Action Plan concerning taxation dispute resolution and the Mutual Agreement Procedure (MAP), aimed at making dispute resolution mechanisms more effective.

In particular, taxpayers are requested to provide input on issues concerning access to MAP, the clarity of MAP guidance and implementation of MAP agreements concerning the jurisdictions. Taxpayers and business and industry associations are requested to complete the questionnaire by 12 August 2019.



## Save the Date: 12th European Conference on Tax Advisers' Professional Affairs

Save the date for the [12th European Conference on Tax Advisers' Professional Affairs](#), to be held in Paris on Friday, 29 November 2019, on the topic of “Tax Transparency Trends: Are Tax Advisers Ready for the New EU Anti-Money Laundering Rules?”

The conference will examine the impact of existing EU anti-money laundering rules and the new requirements of the 5th AML Directive, including making beneficial owners of legal entities registers public, providing increased access to information on the beneficial

ownership of trusts and the expansion of AML rules to entities which store, hold or transfer virtual currencies. Speakers will also discuss enhanced cooperation and exchanges of information provided for between the EU and Member States under the 5th AML Directive. In addition, panellists will discuss compliance with and implementation of the measures in practice and the information available to supervisory bodies to facilitate their obligations under the Directive. More details about the programme and line-up of speakers will be available in due course.

[Register now](#) to benefit from early-bird registration prices and to secure your spot!