



BRUSSELS | 19 NOVEMBER 2018



European Parliament's TAX3 Committee Releases Draft Report

On 14 November, the co-rapporteurs of the European Parliament's Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance (TAX3) [published their draft report](#). The report presents the findings and recommendations of the rapporteurs following eight months of hearings by the Committee concerning anti-money laundering and aggressive tax planning.

Key recommendations in the report are that the Commission and Council adopt a comprehensive definition of aggressive tax planning, as well as a definition of permanent establishment, economic activity requirements and expenditure tests to avoid companies having an artificial taxable presence in a Member State. The rapporteurs further recommend that EU efforts to fight corporate aggressive tax planning are strengthened, that the BEPS action plan is supplemented, and that Member States' tax systems are scrutinised. They also call on the Council to adopt the proposals on CCTB and CCTB as well as the digital tax package proposals. The Committee calls for a broader scope for the exchange of tax rulings and for broader access by the Commission to those rulings, and guidance concerning what constitutes tax-related State aid and appropriate transfer pricing. The rapporteurs welcome the VAT action plan, but express regret that no safeguards were adopted concerning the Certified Taxable Person proposal.

Co-rapporteurs Luděk Niedermayer and Jeppe Kofod will present the report to their Committee members at a meeting scheduled to take place on 27 November. The Deadline for amendments is 17 December 2018, and the report will thereafter be voted by the Committee on 27 February 2019.



OECD Releases Progress Report on Preferential Tax Regimes

The OECD has [released a progress report](#) as part of implementation of Action 5 of the OECD/G20 Base Erosion and Profit Shifting Project, concerning assessments undertaken by the Forum on Harmful Tax Practices (FHTP) of 53 preferential tax regimes.

From the regimes, 18 originate in jurisdictions which have made legislative changes to abolish or amend the regime, 4 regimes are specifically designed to meet the BEPS Action

5 standard, 10 regimes have prompted new commitments to implement legislative changes to abolish the regimes and 17 will now be brought into the FHTP review process.

The 4 remaining regimes were out of scope, not yet operational, already abolished or did not feature harmful features.

The Forum on Harmful Tax Practices next meets in January 2019 to continue assessing regimes where commitments were made by jurisdictions in 2017 to amend or abolish those regimes.



UK Opens Consultation Concerning Digital Tax

The United Kingdom has [launched a consultation](#) concerning the proposal set out in its 2019 budget to implement a digital services tax from April 2020.

In its consultation document, the UK sets out the position that businesses ought to pay tax which reflects the value derived from users within the UK, and notes the proposed digital tax is intended to be a temporary tax that will be replaced by a comprehensive global solution.

The consultation requests input on the scope of business activities included under the tax, concepts of online content and platforms, revenue attribution to business activities, means of apportionment, concepts of user contribution, and the rate of the proposed tax and deduction of costs, amongst other issues.

The consultation will run until 28 February 2019.



OECD Invites Input on Dispute Resolution Process

The OECD has now [published](#) a taxpayer questionnaire seeking input for the Stage One peer reviews of Brazil, Bulgaria, China, Hong Kong, Indonesia, Papua New Guinea, the Russian Federation and Saudi Arabia.

The peer reviews are being undertaken as part of the peer review process under Action 14 of the BEPS Action Plan concerning the Mutual Agreement Procedure (MAP). In particular, taxpayers are requested to provide input on issues concerning the 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 13 December 2018.

Ireland Launches Consultation on ATAD Implementation

Ireland is [seeking input](#) concerning its proposed implementation of EU anti-tax avoidance directives ATAD1 and ATAD2, specifically concerning hybrid mismatches and interest deduction limitations.



The consultation requests that those responding give their input as to what entities should be within scope of the anti-hybrid regime, which foreign taxes should be considered equivalent to Irish taxes for the purpose of establishing whether a mismatch arises, how timing mismatches should be treated, views as to whether or not Ireland should implement defensive rules concerning hybrid mismatches and how to prevent mismatches.

The consultation will be open until 18 January 2019.



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



[Twitter](#)

[LinkedIn](#)