BRUSSELS I 21 OCTOBER 2019

1.

EU and the United Kingdom Reach a New Withdrawal Agreement

The European Commission issued a recommendation to the EU Member states to endorse a renegotiated Withdrawal Agreement with the UK, including a revised Protocol on Northern Ireland, and a revised Political Declaration defining the post-Brexit framework of the EU-UK future relationship. Under the Agreement, Northern Ireland will comply with certain rules of the EU Single Market, avoiding a 'hard border' on the island of Ireland, while ensuring that Northern Ireland remains part of the UK's customs territory.

The Political Declaration reflects on UK's economic integration with the EU over decades of membership, resulting in complex and integrated supply chains, which will serve as a basis for a future economic partnership, encompassing a Free Trade Agreement, as well as sectoral cooperation. The Agreement allows the UK to develop an independent trade policy, unconstrained by the EU's Common Commercial Policy, at the same time ensuring a level playing field for open and fair competition.

The United Kingdom has undertaken commitments to maintain a robust framework for State aid control that prevents undue distortion of competition, commitment to the EU principles of good governance in the area of taxation and to the curbing of harmful tax practices. Equally, the UK Government undertook commitments to maintain EU's harmonised standards at current levels, as provided by the common rules of the Single Market.

The Withdrawal Agreement will only enter into force upon successful ratification by the UK Parliament and the other EU Member states. The European Council President Donald Tusk has acknowledged receipt of a letter from the UK Government seeking an extension of the agreed deadline for UK's exit from the European Union, which Mr Tusk will consider with the EU leaders.

2.

UN Tax Committee Meeting: Taxation and SDGs

The 19th Session of the UN Committee of Experts on International Cooperation in Tax Matters held in Geneva on 15- 18 October saw a debate on the relevance of taxation policy for the attainment of Sustainable Development Goals (SDGs), among other topics. Other agenda items included the tax challenges of the digitalisation of the economy, update of the UN Nations Model Double Taxation Convention between Developed and Developing

Countries, production of a UN Handbook on Tax Dispute Avoidance and Resolution as well as an update of the UN Transfer Pricing Manual.

Speaking on behalf of the United Nations Department of Economic and Social Affairs, Ms Caroline Lombardo, Acting Chief of the UN International Tax and Development Cooperation Branch highlighted the "important role of progressive tax systems and SDG-oriented fiscal policies: not only to raise revenue to finance sustainable development but also to reduce inequality, promote inclusive growth and protect the environment."

As a follow-up to the UN first High-level Dialogue on Financing for Development and the Addis Ababa Action Agenda of 2015, Ms Lombardo stressed the critical role of the United Nations in international tax cooperation and shaping tax standards to ensure more inclusive process, whilst balancing such changes with greater certainty for taxpayers and governments. "*Strengthened tax administration and collection are critical and must be accompanied by further transparency on budgets and expenditures, to foster tax morale and trust in governments. Global action is needed to close loopholes and safeguard country efforts to mobilise domestic resources, including through tax cooperation that promotes favourable investment and trading climate that can generate jobs, expertise, a sense of independence, dignity and security*", the UN official added.

3. G20 on Digital Taxation: Good Direction, But Not Quite There Yet!

The Ministry of Finance of Japan published a press-release from the Washington DC G20 meeting of finance ministers and governors, a form of inclusive political gathering where governments of some developing countries are represented, stating that they "welcome the efforts of OECD's Secretariat" with the proposed unified approach under Pillar One. The G20 meeting highlighted the importance of delivering a fast, Inclusive Framework-supported solution, by the end of 2020, with the outlines of the new system sketched by February 2020.

India's Finance Minister Nirmala Sitharaman reportedly endorsed the OECD-proposed new nexus rules, welcoming the direction which would establish taxable nexus for market jurisdictions irrespective of the physical presence of a company. Ms Sitharaman however warned that in addition to delivering fair profit allocation, the solutions need to be "simple to implement and simple to administer".

OECD's Secretary General called on the ministers to personally involve to reach a swift solution, stating that "*preliminary results from our impact assessment and economic analysis show that revenue would be rightfully shifted to market jurisdictions. It is mainly investment hubs that lose out*.", Mr Gurria told G20 finance ministers. Prior to the meeting, Mr Gurria submitted a Report to the G20 members, seeking to address the existing challenges of tax digitalisation for the global economy and the interrelated tax transparency issues.

The OECD public consultation on the new Secretariat-proposed unified approach under Pillar One is open for comments by interested parties until 12 November.

4. EU 'Blacklist' Guidance on Foreign-Source Income Exemption Regimes

In the context of the EU evaluation of tax good governance standards by third countries and the list of non-cooperative jurisdictions for tax purposes performed by the Code of Conduct Group (Business Taxation), the Council of the EU published Guidance on foreign source income exemption regimes. The published EU guidelines aim to help third countries comply with EU's tax standards, in particular those that the EU considers harmful tax practices.

According to the document, an overly broad definition of income excluded from taxation, notably foreign sourced passive income without any conditions or a nexus not complying with the PE definition contained in the OECD Model Tax Convention, shall be considered harmful practices aimed at facilitating double non-taxation. These guidelines will serve as a basis for the continued 2019 screening of third country jurisdictions.

The Council recently endorsed removal from the EU black and/ or greylist of a number of jurisdictions, including the United Arab Emirates, Albania, Costa Rica, Serbia, Switzerland, Mauritius and the Marshal Islands, establishing that those countries have implemented reforms to comply with EU tax good governance standards. Nine jurisdictions remain on the EU blacklist: American Samoa, Belize, Fiji, Guam, Oman, Samoa, Trinidad and Tobago, the US Virgin Islands and Vanuatu.

5. CFE Conference on Anti-Money Laundering: Paris – 29 November 2019

The 12th European Conference on Tax Advisers' Professional Affairs, organised by CFE Tax Advisers Europe and the *Institut des Avocats Conseils Fiscaux* (IACF), will be held in Paris, France, on Friday 29 November 2019 from 9:00 to 16:00, this year entitled "Making Anti-Money Laundering Rules More Effective For Tax Advisers".

The conference will examine the perceived risks posed by the tax profession in facilitating money laundering based on the EU Commission's Supranational Risk Assessments, compliance with the new and existing EU Anti-Money Laundering Directives and efforts taken to address money laundering in the broader international context as well as the effect this has on tax evasion. Panellists will consider the effectiveness and the impact of existing EU rules and the new requirements of the 5th AML Directive, including making beneficial owners of legal entities registers public and providing increased access to information on the beneficial ownership.

Register now to secure your place at the conference.

The selection of the remitted material has been prepared by
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