

CFE's Tax Top 5

KEY TAX NEWS OF THE WEEK

BRUSSELS | 22 JULY 2019



EU Parliament Approves Ursula von der Leyen as New Commission President

On 16 July, the European Parliament voted to appoint former German Defence Minister Ursula von der Leyen to the role of [European Commission President](#) for a period of 5 years from 1 November 2019. Ms von der Leyen will serve as the first female European Commission President. Ms von der Leyen narrowly won the vote, in which she required a majority of 374 votes to succeed, with 383 votes in favour, 327 votes against, and 22 abstentions.

This vote follows on from the appointment of former Belgian Prime Minister Charles Michel to the position of [European Council President](#) for the period 1 December 2019 – 31 May 2022 and of Italian MEP David Sassoli to the position of [President of the European Parliament](#).

In a publication outlining her [agenda for her Commission Presidency](#), as concerns tax priorities Ms von der Leyen commits to introducing a carbon border tax, to achieve fair taxation of “big tech companies” as a “priority” by working “*hard to ensure the proposals [for an EU digital tax] currently on the table are turned into law*” on the basis that “*by the end of 2020 [if] there is still no global solution for a fair digital tax, the EU should act alone.*”

Ms von der Leyen has also vowed to “*make use of the clauses in the Treaties that allow proposals on taxation to be adopted by co-decision and decided by qualified majority voting in the Council*” for progressing a European common consolidated corporate tax base and in the fight against tax fraud.



G7 Finance Ministers Reaffirm Commitment to Fair International Taxation

In the [Chair's Summary](#) document published following a meeting of the G7 Finance Ministers and Central Bank Governors in Chantilly on 17 and 18 July 2019, the G7 reaffirmed its commitment to “*accelerating the work to tackle new challenges, including most importantly making the international tax system fairer, addressing the competition challenges that are raised by the digitalization of the economy, and advancing the agenda on climate and green finance*”.

The document noted in particular the urgency surrounding issues “to address the tax challenges raised by the digitalization of the economy and the shortcomings of the current transfer pricing system.” The Ministers reconfirmed their commitment to a “two-pillar solution to be adopted by 2020 through the work programme endorsed by the G20 Leaders.” As concerns the means of determining what would amount to fair taxation of digital business, the document noted this “could be determined by reference to criteria reflecting the level of businesses’ active participation in a customers’ or users’ jurisdiction, such as valuable intangibles or employment of a highly digitalized model.”

The ministers also confirmed that a minimum level of taxation under the second pillar was desirable and would assist in ensuring fair taxation of companies, and that robust dispute resolution should be an integral part of the agreed solution.

The outline of a globally agreed solution is expected by January 2020 from the Inclusive Framework on BEPS.



US Launches Investigation into French Digital Tax

The Office of the United States Trade Representative has announced it has [launched an investigation](#) under Section 301 of the Trade Act of 1974 into whether the French digital services tax unfairly targets US businesses.

U.S. Trade Representative Robert Lighthizer said of the investigation that “the President has directed that we investigate the effects of this legislation and determine whether it is discriminatory or unreasonable and burdens or restricts United States commerce.”

The French bill on digital services tax was adopted on 11 July by the French parliament. The legislation will impose a 3% digital services tax on resident and non-resident companies with a global turnover above 750 million Euros, and a national turnover above 25 million Euros. The tax will apply with retroactive effect from 1 January 2019.

The bill will now be published in the Official Journal, following which time it will enter into force.



OECD Multilateral Convention Update

Gibraltar and Bosnia and Herzegovina have become the 130th and 131st jurisdictions to sign the [Multilateral Convention on Mutual Administrative Assistance in Tax Matters](#). The multilateral tax treaty allows jurisdictions to update their existing double tax treaties and transpose measures agreed in the BEPS project without further need for bilateral negotiations, and aims to increase transparency and further efforts to reduce cross-border tax evasion.

The MLI implements the [Standard for Automatic Exchange of Information](#) developed by the OECD and G20 countries as part of the BEPS project, through which over 100 jurisdictions will automatically exchange information.



Inaugural GTAP Conference – 3 October 2019: Programme & Registration

The Global Tax Advisers Platform has now published the [programme](#) for its inaugural conference taking place on 3 October 2019 in Torino on the topic of “*Tax & The Future*”. GTAP was formed in 2014 by CFE, AOTCA and WAUTI as a global response of tax advisers to international tax initiatives, with the aim of forging closer links among tax advisers throughout the world. The platform provides the proper framework for a more dynamic, more inclusive cooperation among tax advisers, on the basis of enhanced dialogue, more effective collaboration and openness.

The GTAP conference will examine issues that are of interest to all tax advisers in a borderless, increasingly globalising and automated society, driven by new technologies. To that end, four panels of expert speakers will consider the evolution and future of the topics of global tax policy, corporate income tax and VAT, the global tax profession and business models and tax sustainability.

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