

CFE's Tax Top 5

KEY TAX NEWS OF THE WEEK

BRUSSELS | 23 APRIL 2019



EU Parliament & UK CMA Recommend Audit Market Reform

The European Parliament, in its [TAX3 report](#), and the UK's Competition and Markets Authority ("CMA"), in a [report](#) concerning issues related to competition in the UK audit industry, have both recommended measures be introduced to ensure greater separation between audit and consultancy operations of the "big four" firms.

In its report, the UK's CMA recommended that new laws be introduced requiring the consultancy and audit functions of firms to be "operationally" separated, by having separate management teams, staff, accounts and remuneration policies, with the option of breaking up the functions completely to be revisited in the next 5 years. It also recommended a mandatory collaborative audit process be introduced by way of requiring a second auditor to participate in audits.

The EU Parliament recommended, as part of its [final TAX3 report](#), that the Commission address risks stemming from the "provision of legal advice, tax advice and auditing services" by single firms, and that the Commission should introduce rules for mandatory rotation of auditors every seven years. An EU [study published](#) recently concerning audit reform found that market concentration on average remained constant notwithstanding audit reform introduced following the financial crisis.



Increased Budget Approved for EU Anti-Tax Fraud Programme

The EU Parliament on 17 April [adopted a regulation](#) renewing the EU 2020 Fiscalis programme for cooperation in the field of taxation, with a budget of €339 million foreseen for implementation of the Programme in the period between 2021 and 2027.

The regulation sets out that the Programme should "*contribute to: supporting tax policy and the implementation of Union law relating to the field of taxation; preventing and fighting tax fraud, tax evasion, aggressive tax planning and double non-taxation; preventing and reducing unnecessary administrative burden for citizens and businesses in cross-border transactions; supporting fairer and more efficient tax systems; achieving the full potential of the single market and fostering fair competition in the Union; supporting a joint Union approach in international fora and supporting administrative capacity building of tax authorities, including by modernisation of reporting and auditing techniques; as well as supporting training their staff in this regard*".

Cooperation between authorities will therefore be reported on, with an emphasis on structured collaboration between administrations on existing technologies and systems as part of the Fiscalis programme work, and their interoperability with European electronic systems and programmes.



Company Law Proposals Adopted by EU Parliament

Commission proposals published in April 2018 on reforming and digitalising EU company law in order to make it easier for companies to merge, divide or move within the EU Single Market, whilst preventing fraud and abusive behaviour in cross-border operations, have been [adopted by the EU Parliament](#), with 522 votes in favour, 54 opposed and 16 abstentions.

The rules allow companies to register, set up new branches or file documents online. As concerns cross-border conversions, mergers and divisions, the EU rules for cross-border conversions and divisions aim to update existing ones to facilitate reorganisation, provided that the operations are genuine. Companies will be required to inform employees on the legal and economic consequences of a cross-border operation, and to comply with safeguards concerning the prevention of cross-border operations which have abusive, criminal or fraudulent aims.

The new rules must now be voted by the EU Council before being published in the EU Official Journal and will enter into force 20 days thereafter.



EU Parliament Approves EU Whistleblower Rules

On 16 April the EU Parliament [voted to adopt new rules](#) providing for EU-wide protection of those people reporting breaches of EU law, including those reporting on issues related to tax fraud and money laundering, with 591 votes in favour of the measures, 29 opposed, and 33 abstentions.

The new law will provide those persons reporting on breaches of EU legislation with internal and external reporting procedures for whistleblowing. The directive also includes provisions which forbid all forms of retaliation, to be enforced by means of sanctions. Whistleblowers are also to be provided with access to free independent information and advice, legal aid and remedies, including financial and psychological support.

The law will now be approved by EU ministers, and Member States will have two years to implement the new rules.



CFE Forum 2019 – Registration Reminder

The CFE Tax Advisers Europe has published the [final Forum programme](#) taking place on 6 June 2019 in Brussels this year entitled “*Creating Tax Certainty in an Uncertain World: Double Taxation, Tax Rulings & Dispute Resolution Processes*”. The Forum will examine existing MAP mechanisms and the EU Tax Dispute Resolution Mechanisms Directive. The Forum will further discuss means of avoiding tax disputes, such as indirect and cross-border

rulings, as well as the State Aid challenges to direct tax rulings- confirmatory rulings and advance pricing agreements (APAs).

Interested attendees from the EU institutions, other public institutions, Member States' representations to the European Union and journalists can attend free of charge. Please contact the CFE Brussels office for more details at info@taxadviserseurope.org. More details about the registration process can be found [here](#).



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



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