



BRUSSELS | 27 MARCH 2023

EU Calls on UN to Support OECD Efforts on International Taxation

The European Union and its Member states have submitted a [joint response](#) to the *Note Verbale* related to the United Nations (UN) resolution on promoting inclusive and effective international cooperation on tax matters at UN level. Whilst welcoming the UN efforts to contribute to more effective international cooperation on tax matters, the EU and its Members states cautioned against stalling the existing work of the OECD Secretariat on Pillar 1 and 2 by duplication of efforts at UN level.

"The work of the United Nations should support the ongoing OECD/G20 negotiating process, which has reached its final stages, whilst avoiding undue duplication of international efforts and a risk of likely inconsistent outcomes at global level.", the Swedish Presidency letter to the UN sets out.

In an effort to highlight the inclusiveness of the OECD-led process, the EU letter states that joint efforts of both developed and developing countries are required at all international fora and expressed readiness to explore ways in which the Platform for Collaboration on Tax could be reinforced.

For its part, the OECD is continuing the technical work on Pillar 2. A public consultation on the responses received regarding the compliance and co-ordination aspects of the Pillar Two global minimum tax from the agreement of the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework) to

implement the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy was held on 16 March 2023. Input relating to the [GloBE Information Return consultation](#) and to the [Tax Certainty for the GloBE Rules](#) was discussed during the consultation meeting. Discussions also covered how to preserve consistent and co-ordinated outcomes for MNEs while minimising compliance burdens and avoiding the risk of double taxation. The consultation meeting was recorded and can be replayed [here](#).

EU and UK Adopt the Brexit Windsor Framework

On Friday 24 March, after months of negotiations, the British Foreign Secretary James Cleverly and Vice-President of the European Commission Maroš Šefčovič signed the [Windsor Framework](#) in London, which revises the Northern Ireland Protocol and completes the UK Withdrawal from the European Union.

The Windsor Framework reaffirms full commitment by both parties to the Good Friday (Belfast) Peace Agreement on Northern Ireland, whilst reserving the integrity of the EU and UK internal markets. Crucially, the agreement provides [clarity on the trade arrangements](#) between the UK and the Single Market, as well as Northern Ireland, containing important elements related to VAT, customs and State aid, as well as definitive solutions for the movement of goods.

The [joint statement](#) of the European Commission and the British Government sets out that *"this new way forward is a tangible manifestation of the shared desire for a positive bilateral relationship between the United Kingdom and the European Union, based on their continued commitment to the two Agreements that govern their relationship - the Withdrawal Agreement and the Trade and Cooperation Agreement, which is the cornerstone of their bilateral relations. Recalling their mutual respect for each other's autonomy and the ambition to engage in friendly cooperation on common issues, particularly at a time of shared geopolitical challenges, both the European Commission and the Government of the United Kingdom express their intention to fully exploit in the future the potential of the*

Trade and Cooperation Agreement, and will seek to maximise the potential of the relationship between the EU and the UK in ways that benefit both parties and support their shared commitment to support stability and prosperity in Northern Ireland."

EU Tax Observatory: ATAD GAAR Applied Infrequently Out of Litigation Fears

In a [public hearing at the French Parliament](#) (Assemblée nationale) held on 22 March, Gabriel Zucman, director of the EU Commission-funded think-tank [EU Tax Observatory](#), warned that EU Member states are not using the existing and available instruments of EU law to tackle tax avoidance, such as the General Anti-Avoidance Rules of the EU Directive on Tax Avoidance (ATAD). Speaking in front of the deputies of the Committee on Public Finances, Zucman said that the GAAR, which was enacted to allow Member states with options to target abusive, yet legal, tax avoidance practices against companies is used infrequently out of fear of costly litigations.

"If there is political willingness to use and impose GAAR, the approach towards profit shifting to more tax-friendly jurisdictions would be very different," [said](#) Gabriel Zucman, EU Tax Observatory director and professor at University of California, Berkley.

EU Parliament Subcommittee on Tax Matters to Discuss Pillar 1 & 2 with OECD

The European Parliament's Permanent Subcommittee on Tax Matters ("FISC") has [published](#) an agenda for their upcoming meeting next week. On 28 March, FISC will hold an exchange of views with Mr Achim Pross from the OECD on Pillar 1 and 2 of the OECD/G20 Inclusive Framework's Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy.

The FISC will also discuss a case study at the meeting concerning Germany and implemented national tax reforms and the combat against aggressive tax schemes. Finally, the meeting will conclude with a discussion with the European Public Prosecutor's Office on the "Enhancement of the available tools in the fight against VAT Fraud".

The meeting can be viewed via livestream [here](#).

Register Now: CFE Forum - 20 April 2023 - *"Towards a More Cohesive European Fiscal Union? Minimum Tax & VAT in the Digital Age"*

Registration is open for CFE Tax Advisers Europe's 2023 Forum, which will be held on 20 April 2023 in Brussels on the topic of [*"Towards a More Cohesive European Fiscal Union? Minimum Tax & VAT in the Digital Age"*](#). These two key European Commission projects mark another milestone in the deepening of EU fiscal integration. The Directive on Minimum Tax which implements Pillar 2 has been adopted and is now EU law. The directive relies on a degree of inter-national fiscal equity, with minimum common standards for paying a 'fair share' of tax. Member states, tax administrations, companies and advisers all have questions about the implementation and the mechanism of operation. CFE will seek to clarify the main issues surrounding the practical application of the new directive as well as the issues posed by the lack of US implementation for taxpayers and wider.

On the other hand, similar developments have already been occurring in the indirect tax area. VAT, which as an area of competence for the EU, has evolved alongside the European project and is now entering the digital age. To discuss the VAT in the Digital Age EU package, CFE has invited a number of speakers to consider the policy side as well as the technical implications. More details about the programme and line-up of speakers will be made available in due course.

Mr Benjamin Angel, Director, European Commission, DG TAXUD, will provide a key-note related to the EU efforts in direct taxation and the EU Directive on Minimum Tax. Registration is open and the link can be accessed [here](#).

The selection of the remitted material has been prepared by:
Aleksandar Ivanovski & Brodie McIntosh