

CFE's Tax Top 5

KEY TAX NEWS OF THE WEEK

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UK Simplifies “No-Deal” Brexit Transitional Customs Arrangements

The UK revenue authority, HMRC, has written to almost 150,000 VAT-registered businesses detailing [simplified transitional procedures](#) that will come into effect in the instance of a “no-deal” Brexit.

Businesses established in the UK which import goods from the EU into the UK that register to be subject to transitional simplified procedures will be entitled to transport and import goods without the need for making customs declaration duties at the border. They will also be entitled to delay payment of import duties, if so desired.

Treasury Minister, Mel Stride MP, the Financial Secretary to the Treasury, stated *“leaving the EU with a deal remains the government’s top priority. This has not changed. However, a responsible government must plan for every eventuality, including a no deal scenario. Businesses and citizens should ensure they are similarly prepared for leaving the EU.”*



EU Code of Conduct Group Publishes Work Programme

The Code of Conduct Group (Business Taxation) of the Council of the European Union has published its [Work Programme under the Romanian Council Presidency](#).

Areas of priority for the Code of Conduct Group include:

- Developing guidance on coordinating implementation of OECD BEPS conclusions on Actions 8-9-10, concerning aligning transfer pricing outcomes with value creation, and Action 13, concerning transfer pricing documentation;
- Developing guidance on notional interest deduction regimes;
- Reviewing the list of non-cooperative jurisdictions for tax purposes; and
- Developing draft guidance concerning coordinated defensive measures against non-cooperative jurisdictions.

The Group will also assess Member States’ compliance with Guidance issued in 2000 on rollback and standstill concerning finance branches, holding companies and headquarter companies.

In addition, the Group has now appointed a new chairperson, Lyudmila Petkova from Bulgaria, who will serve in the role for the following two years. She replaces Fabrizia Lapecorella, from Italy, who chaired the group from 2017 until 2019.



Company Law Package Agreed by Parliament and Council

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 have been [provisionally agreed by Parliament and Member States](#). The rules provisionally agreed allow companies to register, set up new branches or file documents online. The other part of the package concerns cross-border conversions, mergers and divisions, and envisages common EU rules for cross-border conversions and divisions aiming to update existing ones to facilitate reorganisation, provided that the operations are genuine. Parliament and Council are yet to agree this part of the package.

First Vice-President Frans Timmermans and Commissioner for Justice, Consumers and Gender Equality, Věra Jourová stated of the provisional agreement: *"The digitalisation of company law will help entrepreneurs create and run companies more easily, especially when they want to operate in different EU countries. By using digital tools, companies will save time and money when they launch a new business or branch and update information available on business registers. Strong safeguards and the exchange of information between Member States will prevent fraud. It is now essential that discussions with the Parliament and Council progress quickly on the other part of our Company Law package - the proposal on company mobility - so that it can be adopted before the European elections. It will provide for clear procedures for companies who want to move and grow in the Single Market, with strong safeguards to protect employees and prevent abuses, including for tax purposes."*



Italian Digital Services Tax Published in Official Gazette

The Italian budget for 2019 which introduces a digital services tax has been [published in the Official Gazette](#). The tax will apply to digital services of: advertising provided by way of interface, digital platform interface services and collection of user data, at a rate of 3% on net revenues over €750 million, if the annual revenues from digital services in Italy exceeds €5.5 million.

Provided the Italian Ministry of Finance issues an implementing decree by 30 April 2019, the digital services tax will apply from 60 days after publication of that decree in the Official Gazette. It is also anticipated that the Italian revenue will issue guidance on the application of the digital tax.



EU Parliament's Tax Inquiry Committee to Vote on Final Report

European Parliament's Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance, ("TAX3") will meet on 27 February to [vote on the draft Report](#) setting out the recommendations of the Committee following hearings 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 proposals on CCCTB 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, as well as guidance concerning what constitutes tax-related State aid and appropriate transfer pricing.



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