



**BRUSSELS | JULY 2024**

## **OECD Secretary-General Report to G20**

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The [Taxation Report of the Secretary-General of OECD](#) was presented to Finance Ministers and Central Bank Governors at the G20 meeting held in Rio de Janeiro in Brazil from 25 to 26 July 2024, setting out key developments in international tax since February 2024.

The report was presented together with other specific reports requested by the G20, among them three reports on priorities expressed in the inauguration of the G20 Financial Track for 2024 in relation to strengthening tax transparency:

- [Taxation and Inequality](#) with regard to progressivity and the taxation of high-net-worth individuals (HNWIs);
- [Strengthening International Tax Transparency on Real Estate](#);
- [Beneficial Ownership and Tax Transparency – Implementation and Remaining Challenges](#);
- [Bringing Tax Transparency to Crypto-Assets – An Update](#);

In the introduction of the Taxation Report to the G20, an update on progress on the Two-Pillar Solution is provided, setting out that:

- *On Pillar Two, around 40 jurisdictions have already implemented or are planning to implement the global minimum tax with effect from January 2024 or 2025, with more jurisdictions taking steps towards implementation. This is already helping to stabilise the global tax landscape, reduce profit shifting and curb harmful tax competition by limiting the possibility of a race to the bottom on corporate tax rates. There has also been important progress on the Subject-to-Tax Rule (STTR). A first high-level signing ceremony of the Multilateral Convention to facilitate the implementation of the STTR will be held in Paris on 19 September 2024.*

## UN Framework Convention on Tax Cooperation: EU Council Approve Position of the EU on Negotiations

- *On Pillar One, members of the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework) have secured near full consensus on the Multilateral Convention to implement Amount A (MLC) and are working to resolve remaining gaps on a framework for Amount B. The level of consensus achieved is another significant milestone towards achieving the goal of agreeing a comprehensive Pillar One package.*

The report also covers implementation of the BEPS minimum standards, progress made in tax transparency and on tax and development, tax administration and consumption taxes, as well as dedicated segments on tax and inequality and tax policy developments.

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EU Economic and Finance Ministers met on 16 July 2024 in their ECOFIN configuration, the first under the Hungarian Presidency of the Council of the EU. Ministers agreed the [EU position](#) for the second substantive session to negotiate the terms of reference for the United Nations 'Zero-Draft' for a United Nations Framework Convention on International Tax Cooperation.

The position emphasises *"that there is a need for greater clarity in the terms of reference on the procedures that will be followed by the intergovernmental negotiating committee"*, argues strongly in favour of transparent consensus decision making processes, stresses that no early protocol should be discussed until the negotiations on the Framework Convention are concluded and sets out the importance for *"work on the issues are as complementary and coordinated as possible with the ongoing work at other international fora. We should avoid inconsistencies or undermining that work, or inadvertently creating new issues and/or mismatches. Both the commitments in the Framework Convention including any commitments in respect of potential early protocols should avoid conflicting content with topics already under negotiation in other international fora, or those where there are already internationally agreed standards"*.

## EU Parliament's Subcommittee on Tax Matters: Chair & Bureau Elected

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The EU Parliament's Subcommittee on Tax Matters (FISC) held its [constitutive meeting](#) on 23 July, following the appointment of their [members](#) which took place in the plenary sitting of 16-19 July. At the meeting, the Committee [elected a](#)

[Bureau](#) consisting of: Chair of the FISC Subcommittee, Pasquale Tridico (The Left, IT), alongside four Vice-Chairs: 1st Vice-Chair Kira-Peter Hansen (Greens/EFA, DK), 2nd Vice-Chair Regina Doherty (EPP, IE), 3rd Vice-Chair Markus Ferber (EPP, DE), and 4th Vice-Chair Matthias Ecke (S&D, DE).

The new Bureau set out in a [newsletter](#) that their focus will be on *"fairer and more balanced taxation system while addressing tax evasion. It is essential to ensure that all businesses, regardless of size, contribute their fair share, while promoting healthy competition and economic stability across Member States"*. The Committee plans to prioritise a fairer and more progressive tax system to relieve unfair tax burdens on SMEs, combating organised tax fraud and striking the right balance between taxing labour and other income sources, in light of Artificial Intelligence and its potential power to transform the global economy, labour market and tax systems.

Chair Pasquale Tridico said of the new priorities: *"One of our key priorities should be to create a fairer and more progressive taxation system while addressing tax evasion through the integration of digital databases and payments. The European Union has a significant role to play in achieving this goal. Currently, citizens and SMEs bear disproportionately higher tax rates compared to multinational corporations, leading to unfair competition among companies and even tax avoidance across Member States. According to estimates from the Global Tax Evasion Report, rich multinationals and super-corporations could generate \$4.8 trillion in profits by moving offshore over the next decade. This potential outcome poses a substantial risk to public budgets. Therefore, the EU must act decisively and courageously, otherwise it risks eroding citizens' trust and exacerbating global financial inequality."*

The next meeting of the Committee will take place on 17 October 2024, from 9:00am to 11:30am.

**[Register Now: CFE's 2024 Conference on Tax Advisers' Professional Affairs | Ljubljana | 19 September 2024](#)**

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CFE Tax Advisers Europe will hold its 17th European Conference on Tax Advisers' Professional Affairs, co-hosted by Slovenian and Serbian Member Organisations DSZS - Davčno svetovalna zbornica Slovenija & UPSS - Udruzenje poreskih savetnika Srbije, on the topic of *"Global Policy Trends : AI & The Future of Tax Planning & New EU Rules on Anti-Money Laundering"*. The conference will take

place on Thursday, 19 September 2024, from 10:00 am - 16:00 pm, at the Grand Plaza Hotel Ljubljana.

The conference will bring together experts and professionals at the forefront of these two important topics to address global critical policy trends: the future of tax planning with the advance of AI, the role of professional standards in safeguarding the integrity of the tax profession and the fiscal system in an era of extraordinary computational capabilities of AI. A separate panel will elaborate on the new EU rules on anti-money laundering and terrorist financing, and their impact for tax professionals, accountants, auditors.

Registration and further information is available [here](#).

## **UN Tax Committee Publishes Transfer Pricing Compliance Assurance Toolkit**

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The Transfer Pricing Subcommittee of the United Nations Committee of Experts on International Cooperation in Tax Matters has made available the unedited advanced version of the [Transfer Pricing Assurance Toolkit](#).

According to the Committee: *"This Toolkit aims to provide guidance, examples, and options tailored to the priorities and needs of developing country tax administrations to develop their own end-to-end processes for compliance assurance on transfer pricing. Starting with a discussion of transfer pricing compliance assurance programmes overall, it includes (in Sections 4 and 5) roadmaps which set out, in detail, the processes for individual taxpayer transfer pricing risk assessments and comprehensive transfer pricing audits or examinations. These are intended to be a tool or template from which countries can develop their own processes, manuals, or standard operating procedures, tailored to their specific priorities, needs, and capacities. These sections also include references to processes developed by a number of tax administrations around the world, as well as recommendations or suggested approaches developed by international or regional organisations"*.

## **Taxation Priorities of the Hungarian Presidency of the Council of the EU**

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Belgium handed over the Presidency of the Council of the European Union to Hungary on 1 July 2024. In relation to taxation, Hungary set out in its [Presidency Programme](#) that its high priority areas are: fighting tax evasion, ensuring legal

certainty for taxpayers, and supporting the international engagement of the European Taxation. The programme refers to use of information, digitalisation and simplification to enhance the competitiveness of European businesses.

On the first day of the Presidency, Hungarian Prime Minister, Viktor Orbán, wrote an opinion piece in the [Financial Times](#) opining that to improve competitiveness in the EU and encourage investment, EU Member States should follow the Hungarian competitiveness strategy of maintaining low corporate tax rates, diversifying trade and investment relationships, as well as implementing flat personal income tax and abolishing inheritance tax for close relatives.

In the article, he labels the introduction of the OECD's global minimum corporate tax a "catastrophic failure", given that the US, China and India have not yet adopted the measure. He also raises concerns about European businesses facing increasingly heavy tax burdens, making Europe a less attractive investment destination and causing companies to relocate to other markets.

## **Corporate Tax Statistics 2024**

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The OECD's annual [Corporate Tax Statistics 2024 Report](#) was released on 11 July. The report is based on the Country-by-Country Reporting requirements for MNEs under Action 11 of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project.

The publication sets out data on corporate tax rates, revenues, effective tax rates and R&D tax incentives, as well as aggregated anonymised country-by-country reporting data, to provide an overview on global tax and economic activity of MNEs.

## **GTAP Statement on the Recent Developments in International Tax Policy**

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The Global Tax Advisers Platform ("GTAP") has published an [Opinion Statement](#) that sets out GTAP's views on recent developments in international tax policy. CFE Tax Advisers Europe, together with the Asia-Oceania Tax Consultants' Association ("AOTCA") and the West African Union of Tax Institutes ("WAUTI"), established the Global Tax Advisers Platform ("GTAP") in 2013.

GTAP is an international platform, representing more than 700,000 tax advisers in Europe, Asia and Africa, that seeks to bring together national and international

organisations of tax professionals from all around the world. The principal aim of GTAP is to promote taxpayer and tax advisers' interests by ensuring the fair and efficient operation of the global tax framework, including recognition of the rights and interests of taxpayers, and the role of tax professionals.

The global tax advisory community believes that the days of cross border taxation being seen as a source of conflict or profit are at an end. There is a pressing need to create a cooperative global tax environment fit for the purposes of the 21st Century. This must not lose sight of, but rather build upon the good principles enshrined in the current system. It must mend the weaknesses currently endemic in that system, make it strong against abuse and make full provision for the current and future digital world we inhabit. It must be capable of handling all cross-border tax disputes, direct and indirect, capital and income. Lastly, we think that a new global system will not be of use if it does not create an environment which nurtures the social and economic growth of all countries and the myriad forms of activity manifest in them.

GTAP urges all international stakeholders, in the event of an increase in the role of the UN in forming global cross border tax policy, to work together constructively. We think it essential that the huge work already undertaken by the OECD is not only recognised but also becomes a key foundation for further developments. We urge all governments and stakeholders to require the UN and the OECD to work in harmony and to facilitate cooperation with the objective of achieving an inclusive international cooperation framework. In the event of developing the structure and the bodies of the UN/OECD tax cooperation, we urge the inclusion of all relevant stakeholders including taxpayers, but in particular those professionals who work daily on matters of taxation, the advisers, the consultants and the administrators. As tax professionals, we stand ready to contribute in establishing a framework which is simple, easy to understand and administer by all jurisdictions, as well as being reflective of a spirit of compromise among countries.

We invite you to read the [Opinion Statement](#) and remain available to discuss any questions or comments.

## **[EU Commission 2024 Annual Report on Taxation](#)**

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The European Commission has published the [2024 Annual Report in Taxation](#), setting out an analysis of taxation and tax rates in the EU Member States.

It examines reforms in tax systems and changes in indicators used by the

Commission to assess tax policies in the EU and Member States. It contains a survey of different tax bases, types and tax mixes in the Member States, challenges brought on by different tax bases and how the design of taxes impacts economic agents. Chapter 1 examines different tax bases, Chapter 2 contains a survey of reforms at national and EU level, Chapter 3 analyses specific taxes and Chapter 4 discusses how tax systems can be used to support prosperity.

A hybrid [conference](#) event was held to present the findings of the report and featured two panel discussions on "*building strong foundations for growth: EU Tax Policy for lasting prosperity*". The event can be reviewed via this [link](#).

## **CFE Opinion Statement on Evaluation of the EU Directive on Administrative Cooperation in the Field of Taxation**

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CFE Tax Advisers Europe has published an [Opinion Statement](#) concerning the EU Commission evaluation of the Directive on Administrative Cooperation in the field of taxation in The European Union ("DAC" – Directive 2011/16/EU).

The EU Directive on Administrative Cooperation in the field of taxation (2016/16/EU), "DAC", is the key instrument of the European Union for exchange of tax-related information and cooperation among revenue administrations of Member states in the area of direct taxation. The overall objective is to provide tools to better fight tax evasion and fraud, and to contribute to better assessment and overview of arrangements that fall within scope of the directive through exchange of relevant information among tax administrations.

CFE's comments focus on DAC6, the iteration of the Directive that introduces mandatory disclosure rules in the European Union. CFE Tax Advisers Europe participated in the European Commission high-level consultation in 2023 focusing on interviews with various stakeholders. This submission aims to reinforce the assessment provided to the European Commission, with an aim to simplify and unify the DAC directive, evaluate the compliance burden, and identify effective and ineffective aspects of DAC.

We believe that the European Commission should use this opportunity to evaluate whether the rules are still fit for purpose and proportionate, and to explore policy options that could simplify the rules overall. Our overall aim is to support policy-makers in achieving the objectives above while ensuring that secondary EU law and reporting obligations are proportionate and do not over-burden businesses or advisers, thereby undermining the policy goals of such initiatives and ultimately the

competitiveness and the resilience of the Single Market.

CFE in its statement identifies issues and makes recommendations surrounding:

- General Simplification of the Directive & Recast of Consolidated Version;
- Transparency of Reporting;
- Pillar 2 Compatibility;
- Professional Privilege;
- Revision of Hallmarks – Broad Hallmarks & Commercially Valid Transactions;
- Penalties;
- Taxpayers Rights – Overall Balance of Rights and Obligations in the Single Market.

We invite you to read the [statement](#) and remain available for any queries you may have.

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